



Freedom To Create. Spirit To Achieve.

# Health and Wellness

## Section II

**Annual Report**  
2008–2009

**Government of Alberta ■**

## For further information

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[www.health.alberta.ca](http://www.health.alberta.ca)

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# Health and Wellness

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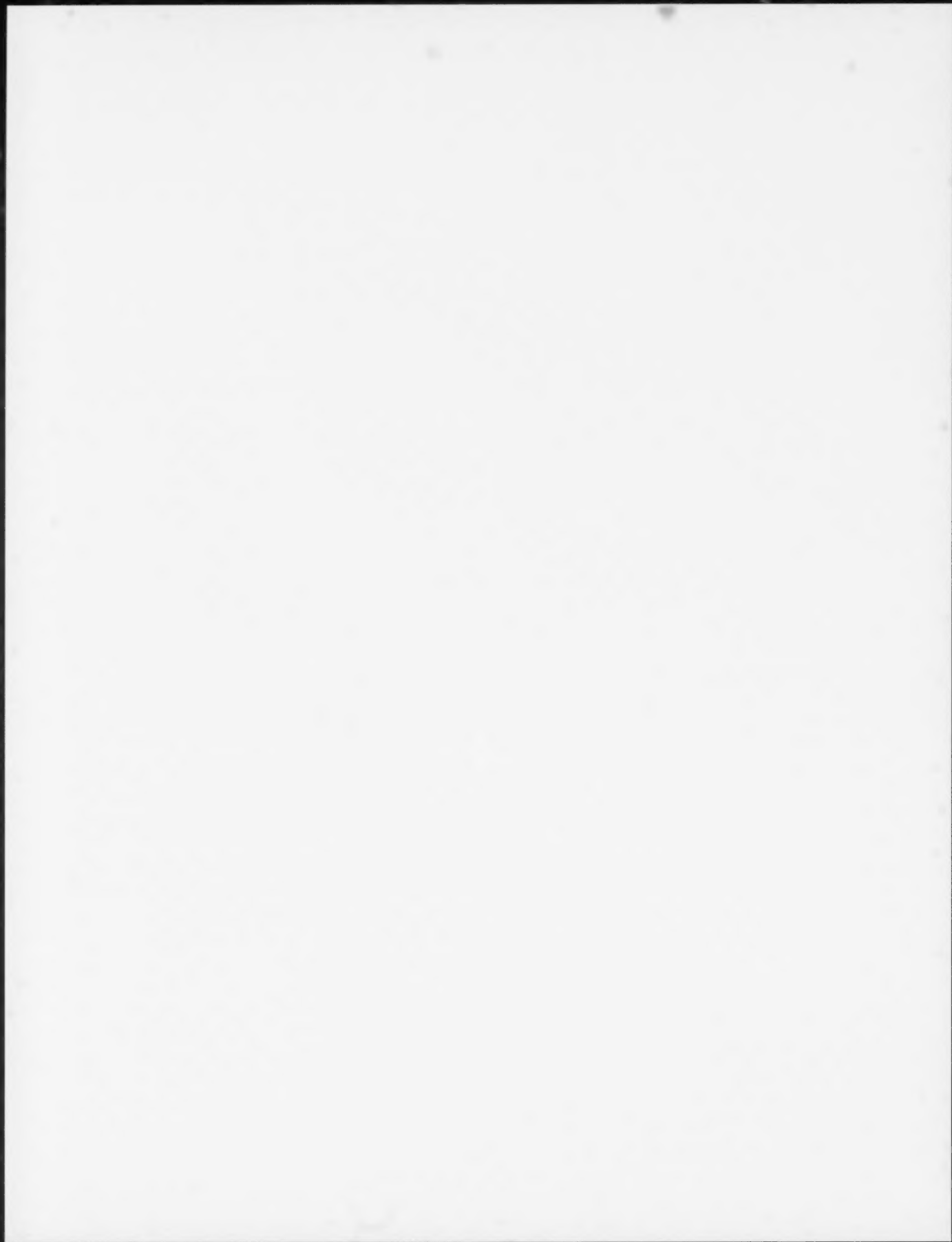
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## **Section I**

Section I of this report is published under separate cover.

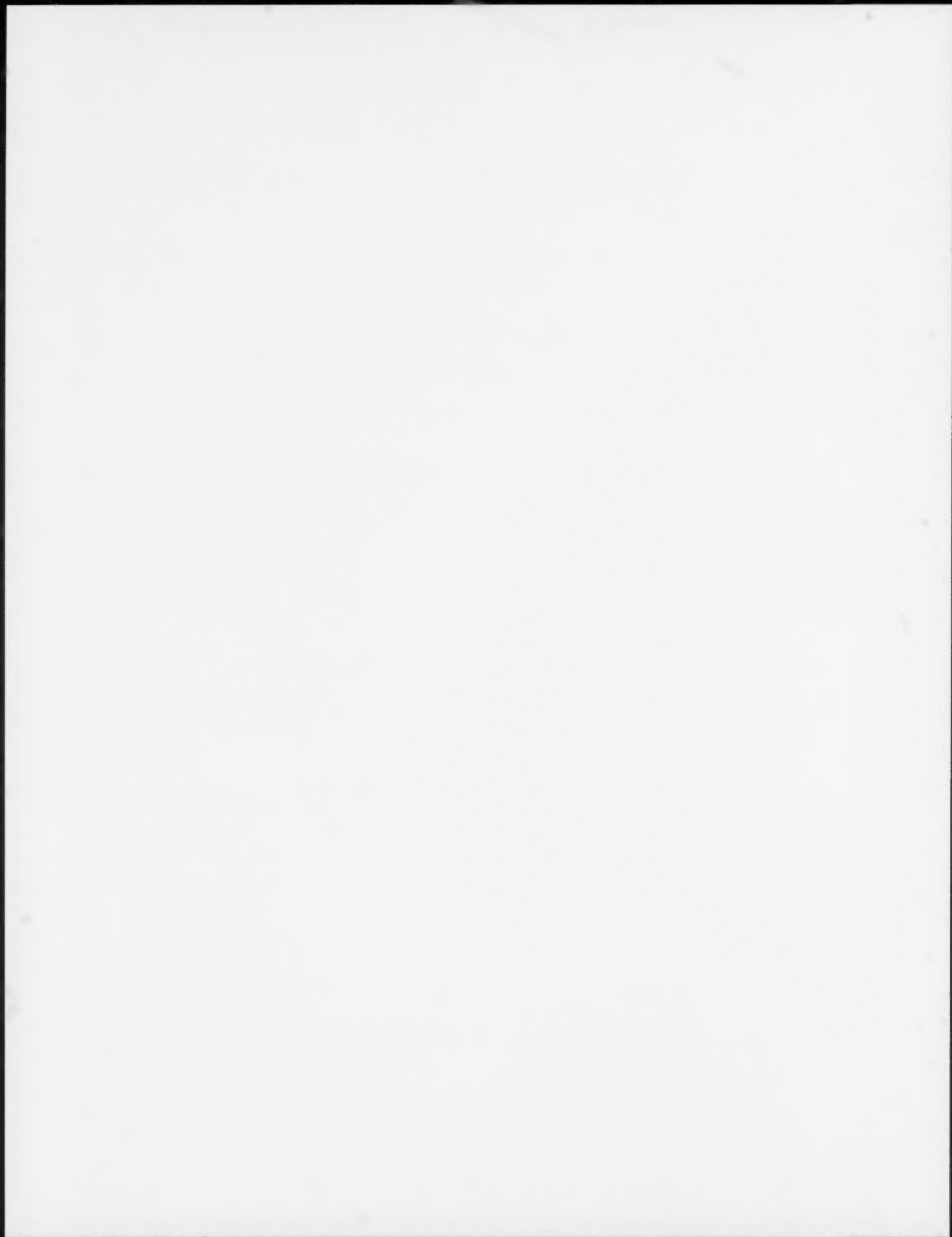
It provides an overview, results analysis and financial statements for the Ministry of Health and Wellness, as well as a summary of the financial statements for the health authorities.



## Health Authorities Contact List

As of April 1, 2009, the former nine regional health authorities and two provincial health boards were incorporated under Alberta Health Services. For further information please contact:

| <b>2008/2009<br/>Health Authorities</b>  | <b>Contact<br/>Phone Number</b> |
|--|---------------------------------|
| Alberta Health Services                  | 780-342-2000                    |
| Chinook Regional Health Authority        |                                 |
| Palliser Health Region                   |                                 |
| Calgary Health Region                    |                                 |
| David Thompson Regional Health Authority |                                 |
| East Central Health                      |                                 |
| Capital Health                           |                                 |
| Aspen Regional Health Authority          |                                 |
| Peace Country Health                     |                                 |
| Northern Lights Health Region            |                                 |
| Alberta Mental Health Board              |                                 |
| Alberta Cancer Board                     |                                 |
| Health Quality Council of Alberta        | 403-297-8162                    |





**Chinook Regional  
Health Authority**

Financial Statements

March 31, 2009

CHINOOK REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2009

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**CHINOOK REGIONAL HEALTH AUTHORITY**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

**FINANCIAL STATEMENTS**

**MARCH 31, 2009**



The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures, which allow him to report on the fairness of the financial statements prepared by management.

[Original signed]

Dr. Stephen Duckett  
President and Chief Executive Officer  
- Alberta Health Services

[Original signed]

Les Tochor, CA  
Senior Vice President Finance  
- Alberta Health Services

[Original signed]

Chris Mazurkewich, CA  
Chief Financial Officer  
- Alberta Health Services

**Auditor's Report**

To the Members of the Alberta Health Services Board  
and the Minister of Health and Wellness

I have audited the statement of financial position of Chinook Regional Health Authority (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

**CHINOOK REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2009**  
(in thousands)

|   | 2009              | 2008              |
|---|-------------------|-------------------|
| <b>ASSETS</b>   |                   |                   |
| Current:  |                   |                   |
| Cash, cash equivalents and investments (Note 3)                   | \$ 22,467         | \$ 31,372         |
| Accounts receivable   | 9,531             | 10,363            |
| Contributions receivable from Alberta Health and Wellness         | 483               | 9,654             |
| Inventories   | 3,514             | 3,528             |
| Prepaid expenses  | 802               | 1,769             |
|   | <u>36,797</u>     | <u>56,686</u>     |
| Non-current cash, cash equivalents and investments (Note 3)       | 69,749            | 20,277            |
| Contributions receivable  | 824               | 26,617            |
| Capital assets (Note 4)   | 193,617           | 190,482           |
| Other assets (Note 5)   | 13,933            | 10,256            |
|   | <u>314,922</u>    | <u>304,318</u>    |
| <b>TOTAL ASSETS</b>   | <b>\$ 314,922</b> | <b>\$ 304,318</b> |
| <b>LIABILITIES AND NET ASSETS</b>                                 |                   |                   |
| Current:  |                   |                   |
| Accounts payable and accrued liabilities                          | \$ 33,778         | \$ 29,083         |
| Accrued vacation pay  | 14,617            | 13,201            |
| Deferred contributions (Note 6)                                   | 23,363            | 24,304            |
| Current portion of long-term debt (Note 8)                        | 57                | 27                |
|   | <u>72,015</u>     | <u>66,615</u>     |
| Deferred contributions (Note 6)                                   | 724               | 589               |
| Deferred capital contributions (Note 7)                           | 67,292            | 42,359            |
| Long-term debt (Note 8)   | 57                | -                 |
| Deferred contributions - Healthy Aging Partnership (Note 9)       | 2,704             | 2,921             |
| Unamortized external capital contributions                        | 173,170           | 174,093           |
| Other liabilities   | 1,519             | 2,464             |
|   | <u>319,481</u>    | <u>289,043</u>    |
| Net Assets (Liabilities):   |                   |                   |
| Unrestricted:   |                   |                   |
| Accumulated deficit (Note 11)                                     | (23,042)          | (2,084)           |
| Accumulated net unrealized gain on investments (Note 2(a)(3)(vi)) | -                 | 849               |
| Investment in capital assets                                      | 18,333            | 16,360            |
|   | <u>(4,709)</u>    | <u>15,125</u>     |
| Endowments  | 150               | 150               |
|   | <u>(4,559)</u>    | <u>15,275</u>     |
| Commitments and contingencies (Note 12)                           |                   |                   |
|   | <u>314,922</u>    | <u>304,318</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                           | <b>\$ 314,922</b> | <b>\$ 304,318</b> |

The accompanying notes and schedules are part of these consolidated financial statements.

**CHINOOK REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended March 31, 2009**  
(in thousands)

|   | 2009           | 2008           |
|---|----------------|----------------|
|   | Budget         | Actual         |
|   | (Note 13)      | Actual         |
| <b>Revenue</b>                                      |                |                |
| Alberta Health and Wellness contributions (Note 14) | \$ 315,776     | \$ 321,539     |
| Other government contributions (Note 15)            | 3,479          | 5,885          |
| Fees and charges                                    | 11,766         | 19,887         |
| Auxiliary operations (Note 16)                      | 1,764          | 2,049          |
| Donations   | 528            | 278            |
| Investment and other income (Note 17)               | 11,903         | 11,002         |
| Amortization of external capital contributions      | 13,437         | 14,373         |
|   | <u>358,653</u> | <u>375,033</u> |
| <b>TOTAL REVENUE</b>                                | <b>358,653</b> | <b>375,033</b> |
| <b>Expenses (Schedule 1)</b>                        |                |                |
| Inpatient acute nursing services                    | 87,740         | 91,298         |
| Emergency and outpatient services                   | 21,803         | 21,807         |
| Facility-based continuing care services             | 39,870         | 40,699         |
| Community-based care                                | 33,463         | 38,050         |
| Home care   | 20,055         | 22,058         |
| Diagnostic and therapeutic services                 | 64,938         | 68,721         |
| Promotion, prevention and protection services       | 15,946         | 16,605         |
| Administration                                      | 13,997         | 16,615         |
| Information technology                              | 12,716         | 11,087         |
| Support services                                    | 48,972         | 58,222         |
| Amortization of facilities and improvements         | 8,535          | 8,856          |
|   | <u>368,035</u> | <u>394,018</u> |
| <b>TOTAL EXPENSES</b>                               | <b>368,035</b> | <b>394,018</b> |
| Deficiency of revenue over expenses                 | \$ (9,382)     | \$ (18,985)    |

The accompanying notes and schedules are part of these financial statements.

**CHINOOK REGIONAL HEALTH AUTHORITY  
STATEMENT OF CHANGES IN NET ASSETS**

**For the Year Ended March 31, 2009**

(in thousands)

|   | 2009                                |   |                                 |            |            | 2008       |           |
|---|-------------------------------------|---|---------------------------------|------------|------------|------------|-----------|
|   | Accumulated<br>Deficit<br>(Note 11) | Accumulated net<br>unrealized<br>gains/(losses) on<br>investments | Investment in<br>capital assets | Sub-Total  | Endowments | Total      | Total     |
| Balance at beginning of year  | \$ (2,084)                          | \$ 849  | \$ 16,360                       | \$ 15,125  | \$ 150     | \$ 15,275  | \$ 18,813 |
| Deficiency of revenues over expenses  | (18,985)                            | -   | -                               | (18,985)   | -          | (18,985)   | (3,307)   |
| Contributed assets  | -                                   | -   | -                               | -          | -          | -          | 408       |
| Capital assets purchased<br>with internal funds   | (6,233)                             | -   | 6,233                           | -          | -          | -          | -         |
| Amortization of internally funded<br>capital assets   | 2,732                               | -   | (2,732)                         | -          | -          | -          | -         |
| Disposal of land  | -                                   | -   | -                               | -          | -          | -          | (19)      |
| Transfer related to the acquisition of plant equipment<br>from internally funded to externally funded sources | 1,612                               | -   | (1,612)                         | -          | -          | -          | -         |
| Repayment of long-term debt used<br>to fund capital assets  | (84)                                | -   | 84                              | -          | -          | -          | -         |
| Net unrealized losses on available for sale financial<br>assets arising during the year                       | -                                   | (643)   | -                               | (643)      | -          | (643)      | (799)     |
| Transfer of net realized gains (losses) on investments to<br>revenue (Note 2(a)(3)(v))                        | -                                   | (206)   | -                               | (206)      | -          | (206)      | 179       |
| Balance at end of year  | \$ (23,042)                         | \$ -  | \$ 18,333                       | \$ (4,709) | \$ 150     | \$ (4,559) | \$ 15,275 |

The accompanying notes and schedules are part of these financial statements.



**CHINOOK REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2009**  
(In thousands)

|   | 2009                |             | 2008       |
|---|---------------------|-------------|------------|
|   | Budget<br>(Note 13) | Actual      | Actual     |
| Cash generated from (used by):                                |                     |             |            |
| Operating activities:   |                     |             |            |
| Deficiency of revenue over expenses                           | \$ (9,382)          | \$ (18,985) | \$ (3,307) |
| Non-cash transactions:  |                     |             |            |
| Amortization (Schedule 1)                                     | 16,709              | 16,342      | 16,443     |
| Gross amortization of external capital contributions          | (13,432)            | (14,373)    | (13,824)   |
| Loss on disposal of assets                                    | 5                   | 876         | 3          |
|   | (6,100)             | (16,246)    | (685)      |
| Changes in non-cash working capital account                   | 17,087              | (10,520)    | 4,515      |
| Cash generated from (used by) operations                      | 10,917              | (26,766)    | 3,830      |
| Investing activities:   |                     |             |            |
| Purchase of capital assets:                                   |                     |             |            |
| Internally funded - equipment                                 | (3,499)             | (4,469)     | (428)      |
| Internally funded - facility and improvements                 | (1,200)             | (1,764)     | (3,018)    |
| Externally funded - equipment                                 | (2,864)             | (1,731)     | (6,189)    |
| Externally funded - facility and improvements                 | (13,772)            | (12,443)    | (5,640)    |
| Externally funded - equipment                                 | -                   | (170)       | (88)       |
| Proceeds on sale of capital assets                            | -                   | 329         | 105        |
| Proceeds on sale of investments                               | -                   | 10,724      | 11,185     |
| Acquisition of investments                                    | -                   | (11,586)    | (11,881)   |
| Allocation (from) to current cash and investments             | (26,692)            | (49,458)    | 8,193      |
| Capital assets transferred                                    | -                   | -           | (408)      |
| Changes in other assets                                       | 3,084               | (3,679)     | (2,415)    |
| Changes in non-cash working capital account                   | -                   | 26,874      | -          |
| Changes in non-current contributions                          | 24,214              | 25,793      | (24,110)   |
| Cash used by investing activities                             | (20,799)            | (21,579)    | (24,694)   |
| Financing activities:   |                     |             |            |
| Capital contributions received                                | 12,324              | 40,381      | 31,260     |
| Change in non-cash working capital accounts                   | -                   | -           | 209        |
| Principal payments on long-term debt                          | -                   | (84)        | (209)      |
| Proceeds from long-term debt                                  | -                   | 170         | 88         |
| Capital assets transferred                                    | -                   | -           | 408        |
| Changes in other liabilities                                  | 22                  | (945)       | 44         |
| Change in non-current deferred contributions                  | (300)               | (82)        | 1,287      |
| Cash generated from financing activities                      | 11,986              | 39,440      | 33,087     |
| Increase (decrease) in cash, cash equivalents and investments | 2,074               | (8,905)     | 2,223      |
| Cash, cash equivalents and investments, beginning of year     | 31,372              | 31,372      | 29,149     |
| Cash, cash equivalents and investments, end of year (Note 3)  | \$ 33,446           | \$ 22,467   | \$ 31,372  |

The accompanying notes and schedules are part of these financial statements.

**CHINOOK REGIONAL HEALTH AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2009**  
(In thousands)

**Note 1 Authority, Purpose and Operations**

The Chinook Regional Health Authority ("the Authority") was established on June 24, 1994 under the Alberta Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act. Effective April 1, 2009 the Authority will be disestablished and all the assets and liabilities will be transferred to Alberta Health Services (Note 20).

The Authority delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

**Rural Hospital/Health Centre Sites**

- Chinook Health - Milk River Health Centre
- Chinook Health - Pincher Creek Health Centre
- Chinook Health - Taber Health Centre
- Chinook Health - Fort Macleod Health Centre
- Chinook Health - Crowneast Pass Health Centre
- Chinook Health - Raymond Health Centre
- Chinook Health - Cardston Health Centre
- Chinook Health - Magrath Health Centre
- Chinook Health - Coaldale Health Centre
- Chinook Health - Piyani Health Centre

**Community Health Sites**

- Chinook Health - Lethbridge Community Health Site
- Chinook Health - Vauxhall Community Health Site
- Chinook Health - Taber Community Health Site
- Chinook Health - Coaldale Community Health Site
- Chinook Health - Raymond Community Health Site
- Chinook Health - Crowneast Pass Community Health Site
- Chinook Health - Magrath Community Health Site
- Chinook Health - Pincher Creek Community Health Site

**Note 1 Authority, Purpose and Operations (continued)**

Other Sites/Locations:

- Chinook Regional Hospital
- Chinook Health – Children's CARE Centre
- Chinook Health – Raymond Care Centre
- Chinook Health – Lethbridge Community Care Services
- Chinook Health – Community Mental Health
- Chinook Health – Population Health

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region, except as disclosed in Note 18.

**Note 2 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

- (1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.
- (2) These financial statements were prepared on a consolidated basis and include the following:
  - (i) The Authority uses the proportionate consolidation method to account for its 50% interest in the Chinook Primary Care Network, a joint venture.
  - (ii) The Authority uses the proportionate consolidation method to account for its share in the Regional Shared Health Information Program ("RSHIP").
  - (iii) The controlled foundations are not consolidated.
- (3) These financial statements use the deferral method of accounting for contributions, key elements of which are:
  - (i) Unrestricted contributions are recognized as revenue in the year receivable.
  - (ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year the related expenses are incurred.
  - (iii) Externally restricted capital contributions are recorded as deferred capital contribution until the amount is invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

- (iv) Endowment and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.
- (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position or it is determined that an impairment of these financial assets is other than temporary. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

**(b) Capital Disclosure**

Effective April 1, 2008, the Authority implemented new capital disclosure requirements per section 1535 in the CICA Handbook. For operating purposes, the Authority defines capital as including working capital and unrestricted net assets. For capital purposes, the Authority defines capital as including deferred capital contributions, long term debt, unamortized external capital contributions, and investment in capital assets.

The Authority's objectives for managing capital are:

- In the short term to safeguard the Authority's financial ability to continue to deliver health services; and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Authority's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Authority monitors its working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Authority funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Authority borrows to finance capital investments related to ancillary operations since Alberta Health and Wellness does not fund ancillary operations.

Where a health authority has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 11).

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(c) Full cost**

The Authority records the full cost of services for which it is responsible. Full cost transactions comprise the following:

- (1) Revenues that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.
- (2) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and a program expense as they represent part of the cost of the Authority's health programs costs.
- (3) Fair value to use non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.
- (4) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

**(d) Employee Future Benefits**

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where information is insufficient to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plan's deficit or surplus.

The Authority provides a defined benefit Supplemental Executive Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The plan is unfunded.

The Authority fully accrues its obligations for employee non-pension future benefits, including its self-insured extended health, dental and vision care plan.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(e) Investments**

Investments are accounted for in accordance with the accounting policies described in Note 2 (f).

Transaction costs associated with the acquisition and disposal of investments are expensed when incurred. The purchase and sale of investments are accounted for using the trade date.

**(f) Financial Instruments**

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition changes in value depend upon the classification. Financial assets classified as "available-for-sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

The Authority has classified its financial assets and financial liabilities as follows:

| Financial Assets and Liabilities              | Classification              |
|---|-----------------------------|
| Cash and cash equivalents                     | Available-for-sale          |
| Investments                                   | Available-for-sale          |
| Accounts receivable, contributions receivable | Loans and receivables       |
| Accounts payable                              | Other financial liabilities |
| Long-term debt                                | Other financial liabilities |

The Authority does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Authority as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

When it is determined that an impairment of a financial instrument classified as available-for-sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available-for-sale are not reversed.

The carrying values of current cash, cash equivalents and investments, accounts receivable, contributions receivable from Alberta Health and Wellness, and accounts payable approximate their fair value because of the short term nature of these items. It is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from its financial instruments.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(g) Inventories**

In June 2007, the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Authority adopted this new standard as of April 1, 2008, but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average) and current replacement cost. All other inventories are recorded at the lower of cost (defined as moving average) and net realizable value.

**(h) Capital Assets**

Capital assets and work in progress are recorded at cost.

Capital assets except land, construction in progress and art are amortized over their estimated useful lives on a straight line basis as follows:

|                            | <u>Useful Life</u> |
|----------------------------|--------------------|
| Land improvements          | 10 - 25 years      |
| Buildings                  | 20 - 40 years      |
| Building Service Equipment | 10 - 25 years      |
| Equipment                  | 3 - 15 years       |

Construction projects in progress are not amortized until the project is complete. Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

**(i) Measurement Uncertainty**

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. In order to determine whether an impairment of investments classified as available-for-sale is other than temporary, management considers specific factors including the nature and extent of the decrease in fair value of the investment below cost and the underlying credit risk associated with holding investments. Capital assets are amortized over their estimated useful lives. The amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. The Supplemental Executive Retirement Plan obligation is based on actuarial calculations. Actual results could differ from these estimates.

**Note 3 Cash, Cash Equivalents and Investments**

|  | 2009            |                 | 2008            |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | Fair Value      | Cost            | Fair Value      | Cost            |
|  | (in thousands)  |                 |                 |                 |
| Cash   | \$75,566        | \$75,566        | \$25,282        | \$25,282        |
| Guaranteed investment certificates           | 3,308           | 3,308           | 13,358          | 13,358          |
| Bonds  | 10,922          | 10,905          | 10,882          | 10,515          |
| Equities                                     | 2,420           | 2,780           | 2,127           | 1,645           |
|  | <u>\$92,216</u> | <u>\$92,559</u> | <u>\$51,649</u> | <u>\$50,800</u> |
| Classified as:                               |                 |                 |                 |                 |
| Current                                      | \$22,467        |                 | \$31,372        |                 |
| Non-current                                  | 69,749          |                 | 20,277          |                 |
| Total cash, cash equivalents and investments | <u>\$92,216</u> |                 | <u>\$51,649</u> |                 |

(a) At March 31, 2009 management determined that an impairment of investments classified as available-for-sale was other than temporary and therefore a cumulative loss has been recognized in the Statement of Operations (Note 17).

(b) Guaranteed Investment Certificates ("GIC's") maturing on April 22, 2009, April 30, 2009, May 28, 2009, and July 21, 2009 dates are guaranteed by the Canada Deposit Insurance Corporation and bear interest at 3.44% paid annually. The effective yield of the GIC's is 3.44%.

(c) To optimize returns at an acceptable level of risk, management has established a policy asset mix of 65% to 100% for fixed-income instruments, 0% to 25% for equities, and 0% to 20% for cash and cash equivalents. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments. At March 31, 2009 cash included a bank account balance of \$72,572 (2008 - \$18,969) that is managed by Alberta Infrastructure and therefore excluded from the Authority's policy asset mix. The Primary Care Network cash and GIC's of \$3,022 (2008 - \$3,913) are also excluded from the Authority's policy asset mix.

(d) Fixed-income securities have an effective yield of 5.34% per year, and 5.23% per annum for securities maturing between 1 and 10 years. As at March 31, 2009, the fixed-income securities have the following maturity structure:

|               | Government of Canada | Provincial     | Corporate      | Foreign        |
|---------------|----------------------|----------------|----------------|----------------|
| 1 to 5 years  | 49.30%               | 13.79%         | 47.94%         | 0.00%          |
| 5 to 10 years | 11.19%               | 49.54%         | 33.64%         | 53.83%         |
| Over 10 years | 39.51%               | 36.67%         | 18.42%         | 46.17%         |
|               | <u>100.00%</u>       | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |

(e) Equities comprise publicly-traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.

**Note 4 Capital Assets**

|                              | 2009<br>Net Book<br>Value | 2008<br>Net Book<br>Value |
|------------------------------|---------------------------|---------------------------|
|                              | (in thousands)            |                           |
| Buildings and improvements   | \$ 130,884                | \$ 138,109                |
| Work in progress             | 21,836                    | 7,630                     |
| Equipment                    | 17,629                    | 17,728                    |
| Information systems          | 374                       | 654                       |
| Software licenses            | 7,091                     | 8,758                     |
| Leasehold improvements       | 850                       | 935                       |
| Land                         | 4,278                     | 4,278                     |
| Building service equipment   | 10,282                    | 11,922                    |
| Land improvements            | 349                       | 424                       |
| Other non-depreciable assets | 44                        | 44                        |
|                              | <u>\$ 193,617</u>         | <u>\$ 190,482</u>         |

|                              | Cost                     |             |                             |                 |                              |
|------------------------------|--------------------------|-------------|-----------------------------|-----------------|------------------------------|
|                              | Balance<br>April 1, 2009 | Transfers   | Additions<br>(in thousands) | Disposals       | Balance<br>March 31,<br>2009 |
| Buildings and improvements   | \$ 259,246               | \$ -        | \$ -                        | \$ 1,722        | \$ 257,524                   |
| Work in progress             | 7,630                    | (124)       | 14,330                      | -               | 21,836                       |
| Equipment                    | 58,339                   | 124         | 6,822                       | 886             | 65,419                       |
| Information systems          | 18,898                   | -           | 127                         | -               | 19,025                       |
| Software licenses            | 12,772                   | -           | 97                          | -               | 12,869                       |
| Leasehold improvements       | 1,304                    | -           | -                           | -               | 1,304                        |
| Land                         | 4,278                    | -           | -                           | -               | 4,278                        |
| Building service equipment   | 17,418                   | -           | -                           | 993             | 16,425                       |
| Land improvements            | 4,688                    | -           | -                           | -               | 4,688                        |
| Other non-depreciable assets | 44                       | -           | -                           | -               | 44                           |
|                              | <u>\$ 376,946</u>        | <u>\$ -</u> | <u>\$ 20,376</u>            | <u>\$ 3,605</u> | <u>\$ 393,717</u>            |

|                            | Accumulated Amortization |                              |                                 |                           |
|----------------------------|--------------------------|------------------------------|---------------------------------|---------------------------|
|                            | Balance<br>April 1, 2009 | Current year<br>amortization | Amortization<br>on<br>disposals | Balance<br>March 31, 2009 |
|                            | (in thousands)           |                              |                                 |                           |
| Buildings and improvements | \$ 121,457               | \$ 6,879                     | \$ 1,376                        | \$ 126,960                |
| Equipment                  | 40,836                   | 6,152                        | 793                             | 47,781                    |
| Information systems        | 10,154                   | 407                          | -                               | 10,561                    |
| Software licenses          | 4,014                    | 1,364                        | -                               | 5,378                     |
| Leasehold improvements     | 649                      | 83                           | -                               | 732                       |
| Building service equipment | 5,496                    | 880                          | 335                             | 6,511                     |
| Land improvements          | 4,064                    | 73                           | -                               | 4,137                     |
|                            | <u>\$ 186,464</u>        | <u>\$ 15,742</u>             | <u>\$ 2,504</u>                 | <u>\$ 200,702</u>         |

**Note 4 Capital Assets (continued)**

**(a) Land**

Land at the Crowneast Pass General and Auxiliary Hospital and Picture Butte Health Centre has been provided to the Authority at nominal value.

**(b) Leased equipment**

Equipment was acquired through capital leases at a cost of \$170 (2008 - \$237) with accumulated amortization of \$57 (2008 - \$209).

**Note 5 Other Assets**

|   | 2009             | 2008             |
|---|------------------|------------------|
|   | (in thousands)   |                  |
| Long-term receivable                                    |                  |                  |
| Supportive living options                               | \$ 11,057        | \$ 9,224         |
| Participating physicians                                | -                | 10               |
| Grants receivable from East Central Health<br>(Note 21) | 957              | -                |
| Other   | 50               | 50               |
|   | <u>12,064</u>    | <u>9,284</u>     |
| Deferred contract payments                              | <u>1,871</u>     | <u>972</u>       |
|   | <u>\$ 13,935</u> | <u>\$ 10,256</u> |

The amounts included in the Supportive Living Options are recoverable as services are rendered by the contracted health service provider over the life of the Continuing Care Agreement. The Continuing Care Agreement is for an initial term of 20 years effective from the date of commencement of operations, unless otherwise terminated. The deferred contract payments are amortized over the term of the related agreements. The average remaining term of the agreements at March 31, 2009 is 15.5 years.

The Authority provided financial assistance to participating physicians to assist in a portion of costs of the Sleep Apnea Clinic. Costs are reimbursed to the Authority over the term of the Agreement.



**Note 6 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

|                                 | 2009             | 2008             |
|---------------------------------|------------------|------------------|
|                                 | (in thousands)   |                  |
| Current:                        |                  |                  |
| Children's health               | \$ 860           | \$ 1,204         |
| Immunization programs           | 117              | 390              |
| Mental health-innovations funds | 1,427            | 2,951            |
| Palliative care                 | 301              | 467              |
| Pandemic supplies               | 849              | 1,393            |
| Physician on call               | 928              | 1,905            |
| Primary care network            | 4,745            | 4,365            |
| Seniors' health                 | 7,051            | 7,056            |
| Standard management training    | 128              | 245              |
| Stroke strategy                 | 907              | 615              |
| Telehealth programs             | 722              | 444              |
| Other                           | 5,528            | 3,269            |
|                                 | <u>23,563</u>    | <u>24,304</u>    |
| Non-current:                    |                  |                  |
| Donations                       | 724              | 589              |
|                                 | <u>\$ 24,287</u> | <u>\$ 24,893</u> |

**Note 7 Deferred Capital Contributions**

The balance at the end of the year is restricted for the following purposes:

|                               | 2009             | 2008             |
|-------------------------------|------------------|------------------|
|                               | (in thousands)   |                  |
| Equipment replacement         | \$ 1,852         | \$ 2,681         |
| Improvement of capital assets | 65,440           | 39,678           |
|                               | <u>\$ 67,292</u> | <u>\$ 42,359</u> |

**Note 8 Long-term Debt**

|                                  | 2009           | 2008        |
|----------------------------------|----------------|-------------|
|                                  | (in thousands) |             |
| Obligations under capital leases | \$ 114         | \$ 27       |
| Less: current portion            | <u>57</u>      | <u>27</u>   |
|                                  | <u>\$ 57</u>   | <u>\$ -</u> |

The Authority is committed to making payments as follows:

|                      |               |
|----------------------|---------------|
| Year ending March 31 |               |
| 2010                 | \$ 57         |
| 2011                 | <u>57</u>     |
|                      | <u>\$ 114</u> |

The capital lease expires on March 31, 2011.

**Note 9 Deferred Contributions – Healthy Aging Partnership**

Funds received from Alberta Health and Wellness for the purpose of providing supportive living options to the Authority's residents are recorded as long-term deferred contributions.

During the year the Authority amortized \$217 (2008 - \$229) of the Healthy Aging Partnership program to community and home-based services and recognized an equal amount as revenue under Alberta Health and Wellness Contributions.

|   | 2009           | 2008          |
|---|----------------|---------------|
|   | (in thousands) |               |
| Alberta Health and Wellness contributions (Note 14) | \$ 196         | \$ 199        |
| Investment and other income                         | <u>21</u>      | <u>30</u>     |
|   | <u>\$ 217</u>  | <u>\$ 229</u> |

# **Note 10 Long-Term Employee Benefits**

## (a) Supplemental Executive Retirement Plan

|  | 2009           | 2008     |
|--|----------------|----------|
|  | (in thousands) |          |
| Accrued benefit obligation   |                |          |
| Accrued obligation, beginning of year                              | \$ 1,182       | \$ 821   |
| Current service cost   | 54             | 60       |
| Interest cost  | 70             | 52       |
| Prior service cost   | -              | 130      |
| Actuarial (gain) loss  | (317)          | 149      |
| Benefit payments   | (32)           | (30)     |
| Net accrued benefit obligation, end of year                        | \$ 957         | \$ 1,182 |
| Reconciliation of funded status of accrued benefit asset/liability |                |          |
| Net accrued benefit obligation                                     | \$ 957         | \$ 1,182 |
| Unrecognized actuarial gain (loss)                                 | 317            | (149)    |
| Unrecognized prior service costs                                   | -              | (234)    |
| Reported liability   | \$ 1,274       | \$ 799   |
| Current service cost   | \$ 54          | \$ 60    |
| Interest cost  | 70             | 52       |
| Amortization of prior service costs                                | 234            | 130      |
| Amortization of net actuarial loss                                 | 149            | 173      |
| Net benefit cost   | \$ 507         | \$ 415   |
|  | 2009           | 2008     |
| Discount rate  | 8.00%          | 5.75%    |
| Expected average remaining service life of employees               | 3 years        | 5 years  |
| Salary increase  | 5.00%          | 5.00%    |

The plan is unfunded.

## (b) Pension expense

Pension expense related to the Local Authorities Pension Plan in these financial statements is equal to the Authority's annual contributions payable of \$10,861 for the year ended March 31, 2009 (2008 - \$9,502). At December 31, 2008, the Local Authorities Pension Plan reported a deficiency of \$4,413,971 (2008 - deficiency of \$1,183,334).

Supplemental Executive Retirement Plan expense in these financial statements is equal to the net benefit cost of \$507 for the year ended March 31, 2009 (2008 - \$415).

# **Note 11 Accumulated Deficit**

The Authority has reported an accumulated deficit at March 31. Per Alberta Regulation 15/95 of the RHA Act, Alberta Health Services will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

# **Note 12 Commitments and Contingencies**

(a) The Authority has outstanding contractual commitments related to facilities and improvements projects in the amount of \$21,400.

(b) The Authority is contractually committed to future operating lease payments until 2013 as follows:

| Year ending March 31 | (in thousands)  |
|----------------------|-----------------|
| 2010                 | \$ 793          |
| 2011                 | 559             |
| 2012                 | 547             |
| 2013                 | 271             |
|                      | <u>\$ 2,170</u> |

(c) The Authority has not recognized a liability of certain legal obligations, primarily special handling for the removal and disposal of encapsulated asbestos from facilities and equipment. The fair value cannot be reasonably estimated as the settlement dates are unknown.

(d) The Authority, in the conduct of its normal activities, is named a defendant in various legal proceedings. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of management that adequate provision for these proceedings have been made in the Authority's accounts. It is believed that the resolution of the proceedings will not have a material effect on the financial position of the Authority, however, should any loss result from the resolution of these proceedings, such amounts would be expensed as the related amounts become known to the Authority.

(e) The Authority has been named as a defendant in a legal action in respect of increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied, which came into effect August 1, 2003. The outcome of the claim is not determinable.

(f) The Authority contracts on an ongoing basis with voluntary and private health service operators to provide health services in the region (Note 18(g)). The Authority has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.

**Note 13 Budget (in thousands)**

The budget was prepared by management and submitted to the Minister of Health and Wellness. Over the course of the fiscal year, the Minister provided additional funding of \$2,084. The Board has allocated these additional resources to address funding expectations.

**Note 14 Alberta Health and Wellness Contributions**

|                                       | 2009              | 2008              |
|---------------------------------------|-------------------|-------------------|
|                                       | (in thousands)    |                   |
| Unrestricted contributions            | \$ 306,093        | \$ 286,801        |
| Transfers from deferred contributions | 12,041            | 9,769             |
| Healthy aging partnership (Note 9)    | 196               | 199               |
| Primary care network (Note 18(c))     | 3,229             | 2,495             |
|                                       | <u>\$ 321,559</u> | <u>\$ 299,264</u> |

**Note 15 Other Government Contributions**

|  | 2009            | 2008            |
|--|-----------------|-----------------|
|  | (in thousands)  |                 |
| Persons with developmental disabilities South Alberta Board                              | \$ 2,476        | \$ 2,281        |
| Transition grant from East Central Health (Note 21)                                      | 1,644           | -               |
| Transfers from deferred contributions  | 791             | 867             |
| Alberta Infrastructure   | 240             | 143             |
|  | <u>5,151</u>    | <u>3,291</u>    |
| Fair value of rent less rent charges for non-acute care facilities used by the Authority | 734             | 676             |
|  | <u>\$ 5,885</u> | <u>\$ 3,967</u> |

**Note 16 Ancillary Operations**

|                          | 2009           |                 |                      |                | 2008                            |                |                 |                                 |
|--------------------------|----------------|-----------------|----------------------|----------------|---------------------------------|----------------|-----------------|---------------------------------|
|                          | Revenue        | Direct Expenses | Amortization Expense | Total Expenses | Excess of Revenue over Expenses | Revenue        | Direct Expenses | Excess of Revenue over Expenses |
|                          | (in thousands) |                 |                      |                |                                 |                |                 |                                 |
| Parking operations       | \$ 385         | \$ 122          | \$ 6                 | \$ 128         | \$ 257                          | \$ 407         | \$ 364          |                                 |
| Non-patient food service | 1,498          | 1,749           | 3                    | 1,752          | (254)                           | 1,637          | 184             |                                 |
| Laundry operations       | 79             | 78              | 1                    | 79             | -                               | 85             | -               |                                 |
| Other operations         | 87             | 113             | -                    | 113            | (26)                            | 138            | 2               |                                 |
|                          | <u>\$7,049</u> | <u>\$7,063</u>  | <u>\$10</u>          | <u>\$7,073</u> | <u>\$923</u>                    | <u>\$7,067</u> | <u>\$430</u>    |                                 |

Ancillary expenses are reported in support services in the Statement of Operations.

**Note 17 Investments and Other Income**

|   | 2009             | 2008             |
|---|------------------|------------------|
|   | (in thousands)   |                  |
| Investment income earned:                               |                  |                  |
| Unrestricted resources                                  | \$ 1,083         | \$ 1,808         |
| Other than temporary impairment of investments (Note 3) | (343)            | -                |
| Restricted resources for capital assets                 | 11               | 22               |
| Resources held for endowment                            | 6                | 7                |
|   | <u>757</u>       | <u>1,837</u>     |
| Other income:   |                  |                  |
| Transfers from deferred contributions                   | 4,735            | 3,345            |
| Other   | 5,521            | 6,165            |
|   | <u>11,013</u>    | <u>11,347</u>    |
| Less amounts deferred:                                  |                  |                  |
| Restricted for capital asset acquisition                | (11)             | (22)             |
|   | <u>\$ 11,002</u> | <u>\$ 11,325</u> |

Investment income is comprised of interest and dividends, gains or losses on the sale of investments, and other than temporary impairment of investments.

Other income is comprised of recoveries from sources external to the Authority for compensation, and materials and supplies.

**Note 18 Related Parties****(a) Province of Alberta and Health Regions**

The Minister of Health and Wellness appoints the members of Alberta Health Services Board. The Board is economically dependent on the Ministry of Health and Wellness since the viability of its operations depends on contributions from the Ministry.

The Authority had the following transactions with other health regions recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

|  | 2009            |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | Revenue         | Expense         | Receivable      | Payable         |
|  | (in thousands)  |                 |                 |                 |
| Other Regional Health Authorities and Provincial Health Boards | <u>\$ 3,749</u> | <u>\$ 1,130</u> | <u>\$ 2,497</u> | <u>\$ -</u>     |
|  |                 |                 |                 |                 |
|  | 2008            |                 |                 |                 |
|  | Revenue         | Expense         | Receivable      | Payable         |
|  | (in thousands)  |                 |                 |                 |
| Other Regional Health Authorities and Provincial Health Boards | <u>\$ 1,808</u> | <u>\$ 1,808</u> | <u>\$ 1,241</u> | <u>\$ 1,303</u> |



**Note 18 Related Parties (continued)**

**(b) Regional Shared Health Information Program ("RSHIP")**

The seven non-metro health regions: Palliser Health Region, David Thompson Health Region, Aspen Health Region, Northern Lights Health Region, Peace Country Health Region, Chinook Regional Health Authority, East Central Health, have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

|                                     | 2009            | 2008            |
|-------------------------------------|-----------------|-----------------|
|                                     | (in thousands)  |                 |
| Alberta Health and Wellness Funding | \$ 45           | \$ 683          |
| Health Authority contribution       | 1,036           | 1,983           |
|                                     | <u>\$ 1,081</u> | <u>\$ 2,666</u> |

The Authority's proportionate share of expenditures and costs incurred directly are as follows:

|                | 2009            | 2008            |
|----------------|-----------------|-----------------|
|                | (in thousands)  |                 |
| Expenses       | \$ 958          | \$ 1,442        |
| Capital assets | 123             | 1,224           |
|                | <u>\$ 1,081</u> | <u>\$ 2,666</u> |

The Authority accounts for its interest in RSHIP on a proportionate consolidation basis.

**Note 18 Related Parties (continued)**

**(c) Primary Care Network**

The Authority's interest in the Chinook Primary Care Network, a joint venture, is included in the financial statements under the proportionate consolidation method.

|  | Authority's 50% Share |                 |
|--|-----------------------|-----------------|
|  | 2009                  | 2008            |
|  | (in thousands)        |                 |
| <b>Statement of Financial Position:</b>    |                       |                 |
| Cash, cash equivalents and investments     | \$ 5,022              | \$ 3,913        |
| Accounts receivable                        | 37                    | 639             |
| Prepaid expenses                           | 252                   | -               |
| Capital assets                             | 3                     | 223             |
|  | <u>\$ 5,314</u>       | <u>\$ 4,775</u> |
| Accounts payable and accrued liabilities   | \$ 320                | \$ 187          |
| Deferred contributions                     | 4,745                 | 4,365           |
| Unamortized external capital contributions | -                     | 223             |
| Accumulated deficit                        | (3)                   | -               |
| Investments in capital assets              | 252                   | -               |
|  | <u>\$ 5,314</u>       | <u>\$ 4,775</u> |
| <b>Statement of Operations:</b>            |                       |                 |
| Revenue (Note 14)                          | \$ 3,229              | \$ 2,495        |
| Expenses                                   | 2,980                 | 2,495           |
| Excess of revenue over expenses            | <u>\$ 249</u>         | <u>\$ -</u>     |

**(d) Foundations**

The Authority exercises control over the following Foundations by virtue of its ability to appoint a majority of the voting members of the Boards of Directors. These Foundations were established under the Regional Health Authorities Act and are registered charities under the Income Tax Act. The controlled Foundations are not consolidated in these financial statements. Financial information for these Foundations (in thousands) is as follows:

|   | 2009    |             |                | 2008    |             |                |
|---|---------|-------------|----------------|---------|-------------|----------------|
|   | Assets  | Liabilities | Net Assets     | Assets  | Liabilities | Net Assets     |
| Crowmest Pass Health Foundation             | \$246   | \$(3)       | \$243          | \$271   | \$-         | \$271          |
| Cardston and District Health Foundation     | 17      | (11)        | 6              | 28      | -           | 28             |
| North County Health Foundation              | 49      | -           | 49             | 74      | (19)        | 55             |
| Fort Macleod and District Health Foundation | 74      | -           | 74             | 76      | (19)        | 57             |
| Windy Slopes Health Foundation              | 71      | (11)        | 60             | 78      | (6)         | 72             |
|   | 2009    |             |                | 2008    |             |                |
|   | Revenue | Expenses    | Excess/Deficit | Revenue | Expenses    | Excess/Deficit |
| Crowmest Pass Health Foundation             | \$163   | \$(191)     | \$(28)         | \$172   | \$(128)     | \$44           |
| Cardston and District Health Foundation     | 75      | (97)        | (22)           | 112     | (114)       | (2)            |
| North County Health Foundation              | 30      | (36)        | (6)            | 81      | (71)        | 10             |
| Fort Macleod and District Health Foundation | 67      | (50)        | 17             | 75      | (36)        | 39             |
| Windy Slopes Health Foundation              | 128     | (141)       | (13)           | 180     | (212)       | 32             |

**Note 18 Related Parties (continued)**

|   | <u>Contributions Received by Health Authority</u><br>Year Ended March 31 |      | <u>Resources held by Foundation</u><br>Year Ended March 31, 2009 |              |
|---|--|------|--|--------------|
|   | 2009   | 2008 | Externally Restricted  | Unrestricted |
| Crowmest Pass Health Foundation             | \$157  | \$97 | \$709  | \$34         |
| Cardston and District Health Foundation     | 71   | 89   | 1  | 5            |
| North County Health Foundation              | 15   | 50   | 3  | 46           |
| Fort Macleod and District Health Foundation | 20   | 19   | 5  | 69           |
| Windy Slopes Health Foundation              | 71   | 137  | 11   | 49           |

The value of administrative support provided to the above Foundations for the year ended March 31, 2009 was \$103 (2008 - \$98). Of this amount, \$14 was receivable from the Foundations at year end (2008 - \$38).

**(e) Other Foundations**

The Authority has an economic interest in the Chinook Regional Hospital Foundation and the Taber and District Health Foundation by virtue of its representation on the Board of Directors. The Foundations were established to raise funds for use in the respective community. The Foundations were continued under the Regional Health Authorities Act and are registered charities under the Income Tax Act. Financial information for these Foundations (in thousands) is as follows:

|                                      | <u>2009</u> |             |            | <u>2008</u> |             |            |
|--------------------------------------|-------------|-------------|------------|-------------|-------------|------------|
|                                      | Assets      | Liabilities | Net Assets | Assets      | Liabilities | Net Assets |
| Chinook Regional Hospital Foundation | \$4,707     | \$(117)     | \$4,590    | \$5,086     | \$(150)     | \$4,936    |
| Taber and District Health Foundation | 933         | (7)         | 926        | 964         | (3)         | 959        |

|                                      | <u>Contributions Received by Health Authority</u><br>Year Ended March 31 |       | <u>Resources held by Foundation</u><br>Year Ended March 31, 2009 |              |
|--------------------------------------|--|-------|--|--------------|
|                                      | 2009   | 2008  | Externally Restricted  | Unrestricted |
| Chinook Regional Hospital Foundation | \$317  | \$392 | \$4,124  | \$466        |
| Taber and District Health Foundation | 51   | 109   | 606  | 320          |

The value of administrative support provided to the above Foundations for the year ended March 31, 2009 was \$388 (2008 - \$301). Of this amount, \$92 was receivable from the Foundations at year end (2008 - \$115).

**(f) Society of Friends of the Lethbridge Regional Hospital (the "Society")**

The Authority significantly influences the Society through its provision of administrative and financial services and by representation on the Board. The Society is incorporated under the Societies Act of Alberta and operates the gift shop, telephone and television rentals, and other various fund-raising activities. All funds earned are used to support the activities of the Lethbridge Regional Hospital Site of the Authority by transferring funds through the Lethbridge Regional Hospital Foundation.

As at March 31, 2009, \$59 (2008 - \$56) was due to the Authority.

**Note 18 Related Parties (continued)**

**(g) Contracts with Health Service Providers**

The Authority has an economic interest through its contracts with voluntary and private health service operators to provide health services in the Authority. Funding was provided as follows:

|                                    | Direct<br>Regional<br>Funding | Direct<br>Alberta<br>Health<br>and<br>Wellness<br>Funding | Fees<br>and<br>Charges<br>and Other<br>Income<br>(in thousands) | Full<br>Cost<br>Adjustments | Total            |
|------------------------------------|-------------------------------|---|---|-----------------------------|------------------|
| <b>2009</b>                        |                               |   |   |                             |                  |
| Voluntary health service providers | \$ 16,689                     | \$ -  | \$ 3,072  | \$ -                        | \$ 19,761        |
| Private health service providers   | 49,223                        | -   | 4,757   | -                           | 53,980           |
|                                    | <u>\$ 65,912</u>              | <u>\$ -</u>   | <u>\$ 7,829</u>   | <u>\$ -</u>                 | <u>\$ 73,741</u> |
| <b>2008</b>                        |                               |   |   |                             |                  |
| Voluntary health service providers | \$ 14,516                     | \$ -  | \$ 2,948  | \$ -                        | \$ 17,464        |
| Private health service providers   | 38,776                        | -   | 4,661   | -                           | 43,437           |
|                                    | <u>\$ 53,292</u>              | <u>\$ -</u>   | <u>\$ 7,609</u>   | <u>\$ -</u>                 | <u>\$ 60,901</u> |

**Note 19 Trust Funds**

The Authority receives funds in trust from Alberta Health and Wellness for the Chinook Primary Care Network. This initiative is a trilateral agreement between the Alberta Medical Association, the Regional Health Authority, and Alberta Health and Wellness. Family physicians in communities in Southwestern Alberta are identifying ways to strengthen the services and care they have always delivered to their patients through the Chinook Primary Care Network. During the year, the Authority disbursed all funds held and received to the Chinook Primary Care Network.

The Authority also receives funds in trust from Ladies Auxiliary and from Society of Friends. The Authority invests these funds on behalf of the organizations. At March 31, 2009 the Authority held \$200 in trust for Ladies Auxiliary and \$100 in trust for Society of Friends. These amounts are not reflected in these financial statements.

**Note 20 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery in Alberta. A single common board replaced the board members of each of Alberta's nine Regional Health Authority boards, Alberta Mental Health Board, Alberta Cancer Board and Alberta Alcohol and Drug Abuse Commission (AADAC). Effective April 1, 2009, all of these entities including the Authority but excluding East Central Health will be disestablished and all of the assets, liabilities, rights and obligations of these entities including the Authority, will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

**Note 21 Transition and Restructuring Costs**

As at March 31, 2009, the Authority recorded transition costs and restructuring charges in the Statement of Operations. The charges consist of severance costs and termination benefits, and other applicable transition expenses. In the Statement of Operations, these charges are included in Administration, Support Services, Facility-Based Continuing Care Services, and Inpatient Acute Nursing Services.

|  | Severance-<br>Related<br>Charges | Other<br>Charges<br>(thousands of dollars) | Total  |
|--|----------------------------------|--|--------|
| Liability as at March 31, 2008                     | \$ -                             | \$ -                                       | \$ -   |
| Amounts expensed                                   | 523                              | 164  | 687    |
| Payments made during the year                      | (523)                            | (164)                                      | (687)  |
| Liability as at March 31, 2009                     | \$ -                             | \$ -                                       | \$ -   |
| Unfunded Supplemental<br>Executive Retirement Plan | \$ -                             | \$ 957                                     | \$ 957 |

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and the Authority has recorded a receivable from East Central Health for the transition costs incurred as described above.

The transition grant restrictions include payments for the unfunded status of the Authority's Supplemental Executive Retirement Plan. The Authority has recorded a non-current receivable from East Central Health for the amount of the accrued benefit obligation at the end of the year.

**Note 22 Comparative Figures**  
Certain 2008 figures have been reclassified to conform to the 2009 presentation.

**Note 23 Approval of Financial Statements**  
These financial statements have been approved by the Alberta Health Services Board.

**CHINOOK REGIONAL HEALTH AUTHORITY  
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT  
FOR THE YEAR ENDED MARCH 31, 2009**  
(In thousands)

Schedule 1

|   | 2009                |                   | 2008              |
|---|---------------------|-------------------|-------------------|
|   | Budget<br>(Note 13) | Actual            | Actual            |
| Salaries and benefits (Schedule 2)                    | \$ 212,596          | \$ 219,261        | \$ 197,050        |
| Contracts with health service operators (Note 18 (g)) | 60,809              | 73,741            | 60,901            |
| Drugs and gases                                       | 5,782               | 5,714             | 6,154             |
| Medical and surgical supplies                         | 9,896               | 10,995            | 9,440             |
| Other contracted services                             | 21,385              | 26,341            | 24,373            |
| Interest on long-term debt                            | 11                  | 3                 | 11                |
| Other*  | 40,842              | 40,851            | 38,301            |
| Amortization:   |                     |                   |                   |
| Capital equipment – internally funded                 | 3,033               | 2,656             | 2,364             |
| Capital equipment – externally funded                 | 5,198               | 5,669             | 5,854             |
| Facilities and improvements – internally funded       | 244                 | 76                | 255               |
| Facilities and improvements – externally funded       | 8,234               | 7,841             | 7,970             |
| Loss on disposal of assets                            | 5                   | 870               | 3                 |
|   | <u>\$ 368,035</u>   | <u>\$ 394,018</u> | <u>\$ 352,676</u> |
| *included in other expenses are the following:        |                     |                   |                   |
| Supplies  | \$ 18,122           | \$ 18,566         | \$ 16,655         |
| Minor equipment and maintenance                       | 9,173               | 9,047             | 8,746             |
| Travel  | 4,575               | 4,683             | 4,097             |
| Utilities   | 6,160               | 5,858             | 5,789             |
| Other   | 2,812               | 2,697             | 3,014             |
|   | <u>\$ 40,842</u>    | <u>\$ 40,851</u>  | <u>\$ 38,301</u>  |

**CHINOOK REGIONAL HEALTH AUTHORITY**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

|                                     | 2009                 |                            |                                    |   |              |                       |                          | 2008         |                      |               |
|-------------------------------------|----------------------|----------------------------|------------------------------------|---|--------------|-----------------------|--------------------------|--------------|----------------------|---------------|
|                                     | FTE's <sup>(a)</sup> | Base Salary <sup>(b)</sup> | Other Cash Benefits <sup>(c)</sup> | Other Non-Cash Benefits <sup>(d)(e)</sup> | Subtotal     | Number of Individuals | Severance <sup>(f)</sup> | Total        | FTE's <sup>(a)</sup> | Total         |
| <b>Board Chair <sup>(a)</sup></b>   |                      |                            |                                    |   |              |                       |                          |              |                      |               |
| Ken Hughes – AHS                    | 0.88                 | \$ -                       | \$ -                               | \$ -                                      | \$ -         | -                     | \$ -                     | \$ -         | -                    | \$ -          |
| Jack Ady                            | 0.12                 | -                          | 7                                  | 1   | 8            | -                     | -                        | 8            | 1.00                 | 36            |
| <b>Board Members <sup>(a)</sup></b> |                      |                            |                                    |   |              |                       |                          |              |                      |               |
| Jack Ady – AHS                      | 0.88                 | -                          | -                                  | -   | -            | -                     | -                        | -            | -                    | -             |
| Pierre Crevolin – AHS               | 0.21                 | -                          | -                                  | -   | -            | -                     | -                        | -            | -                    | -             |
| Catherine Roozen – AHS              | 0.63                 | -                          | -                                  | -   | -            | -                     | -                        | -            | -                    | -             |
| Linda Hohol – AHS                   | 0.88                 | -                          | -                                  | -   | -            | -                     | -                        | -            | -                    | -             |
| John Lehnert – AHS                  | 0.88                 | -                          | -                                  | -   | -            | -                     | -                        | -            | -                    | -             |
| Irene Lewis – AHS                   | 0.88                 | -                          | -                                  | -   | -            | -                     | -                        | -            | -                    | -             |
| Don Sieben – AHS                    | 0.88                 | -                          | -                                  | -   | -            | -                     | -                        | -            | -                    | -             |
| Lori Andreachuk – AHS               | 0.33                 | -                          | -                                  | -   | -            | -                     | -                        | -            | -                    | -             |
| Gord Bontje – AHS                   | 0.33                 | -                          | -                                  | -   | -            | -                     | -                        | -            | -                    | -             |
| Teri Lynn Bougie – AHS              | 0.33                 | -                          | -                                  | -   | -            | -                     | -                        | -            | -                    | -             |
| Jim Clifford – AHS                  | 0.33                 | -                          | -                                  | -   | -            | -                     | -                        | -            | -                    | -             |
| Strater Crowfoot – AHS              | 0.33                 | -                          | -                                  | -   | -            | -                     | -                        | -            | -                    | -             |
| Tony Franceschini – AHS             | 0.33                 | -                          | -                                  | -   | -            | -                     | -                        | -            | -                    | -             |
| Andreas Laupacis – AHS              | 0.33                 | -                          | -                                  | -   | -            | -                     | -                        | -            | -                    | -             |
| Gord Winkel – AHS                   | 0.33                 | -                          | -                                  | -   | -            | -                     | -                        | -            | -                    | -             |
| Arthur Sanford                      | 0.12                 | -                          | 2                                  | -   | 2            | -                     | -                        | 2            | 1.00                 | 9             |
| Beverley Patterson                  | 0.12                 | -                          | 3                                  | -   | 3            | -                     | -                        | 3            | 1.00                 | 8             |
| Donna Bier                          | 0.00                 | -                          | -                                  | -   | -            | -                     | -                        | -            | 1.00                 | 7             |
| Douglas Schindeler                  | 0.12                 | -                          | 3                                  | -   | 3            | -                     | -                        | 3            | 1.00                 | 7             |
| Inez Kelly                          | 0.12                 | -                          | 1                                  | -   | 1            | -                     | -                        | 1            | 1.00                 | 8             |
| James Farr                          | 0.00                 | -                          | -                                  | -   | -            | -                     | -                        | -            | 1.00                 | 8             |
| Lloyd Hickman                       | 0.12                 | -                          | 3                                  | -   | 3            | -                     | -                        | 3            | 1.00                 | 8             |
| Phyllis Bishoff                     | 0.12                 | -                          | 3                                  | -   | 3            | -                     | -                        | 3            | 1.00                 | 6             |
| Roy Reti                            | 0.12                 | -                          | 2                                  | -   | 2            | -                     | -                        | 2            | 1.00                 | 8             |
| Sam Marra                           | 0.12                 | -                          | 4                                  | -   | 4            | -                     | -                        | 4            | 1.00                 | 13            |
| Thaine Olsen                        | 0.12                 | -                          | 3                                  | -   | 3            | -                     | -                        | 3            | 1.00                 | 8             |
|                                     | <u>9.96</u>          | <u>\$ -</u>                | <u>\$ 31</u>                       | <u>\$ 1</u>                               | <u>\$ 32</u> | <u>-</u>              | <u>\$ -</u>              | <u>\$ 32</u> | <u>12.00</u>         | <u>\$ 126</u> |

**CHINOOK REGIONAL HEALTH AUTHORITY**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

|   | 2009                 |                            |                                    |  |                 |                       |                          | 2008            |                      |                 |
|---|----------------------|----------------------------|------------------------------------|--|-----------------|-----------------------|--------------------------|-----------------|----------------------|-----------------|
|   | FTE's <sup>(a)</sup> | Base Salary <sup>(b)</sup> | Other Cash Benefits <sup>(c)</sup> | Other Non-Cash Benefits <sup>(d)</sup> | Subtotal        | Number of Individuals | Severance <sup>(e)</sup> | Total           | FTE's <sup>(a)</sup> | Total           |
| <b>Board Direct Reports <sup>(a)</sup></b>              |                      |                            |                                    |  |                 |                       |                          |                 |                      |                 |
| President and Chief Executive Officer –AHS <sup>™</sup> | 0.02                 | \$ -                       | \$ -                               | \$ -                                   | \$ -            | -                     | \$ -                     | \$ -            | -                    | \$ -            |
| Interim Chief Executive Officer – AHS <sup>®</sup>      | 0.88                 | -                          | -                                  | -                                      | -               | -                     | -                        | -               | -                    | -               |
| Chief Executive Officer <sup>(a)(b)</sup>               | 1.00                 | 385                        | -                                  | 332                                    | 717             | -                     | -                        | 717             | 1.00                 | 565             |
| <b>CEO Direct Reports <sup>(a)</sup></b>                |                      |                            |                                    |  |                 |                       |                          |                 |                      |                 |
| Chief Clinical Officer                                  | 1.00                 | 338                        | -                                  | -                                      | 338             | -                     | -                        | 338             | 1.00                 | 348             |
| Chief Operating Officer <sup>™</sup>                    | 0.92                 | 97                         | -                                  | 206                                    | 303             | 1                     | 523                      | 826             | 1.00                 | 382             |
| Chief Information Officer <sup>™</sup>                  | 1.00                 | 160                        | -                                  | 26                                     | 186             | -                     | -                        | 186             | 0.97                 | 177             |
| Director Corporate Communications <sup>™</sup>          | 1.00                 | 121                        | -                                  | 22                                     | 143             | -                     | -                        | 143             | 1.00                 | 121             |
| Director Corporate Fundraising                          | 1.00                 | 104                        | -                                  | 25                                     | 129             | -                     | -                        | 129             | 0.54                 | 64              |
| Director Corporate Planning & Support                   | 1.00                 | 114                        | -                                  | 20                                     | 134             | -                     | -                        | 134             | 1.00                 | 127             |
| Director Workforce Planning                             | 1.00                 | 118                        | -                                  | 24                                     | 142             | -                     | -                        | 142             | 0.79                 | 110             |
| Executive Director Labour Relations                     | 1.00                 | 124                        | -                                  | 24                                     | 148             | -                     | -                        | 148             | 1.00                 | 142             |
| Executive Director People Strategies                    | 0.93                 | 109                        | 8                                  | 23                                     | 140             | -                     | -                        | 140             | 1.00                 | 141             |
| Executive Director Special Projects                     | 0.22                 | 27                         | 3                                  | 6                                      | 36              | -                     | -                        | 36              | 0.52                 | 84              |
| Foundations Consultant <sup>(a)</sup>                   | 0.22                 | 28                         | -                                  | 6                                      | 34              | 1                     | 55                       | 89              | 0.50                 | 71              |
| Manager of Executive Suite                              | 1.00                 | 88                         | -                                  | 18                                     | 106             | -                     | -                        | 106             | 1.00                 | 97              |
|   | 12.19                | 1,813                      | 11                                 | 732                                    | 2,556           | 2                     | 578                      | 3,134           | 11.32                | 2,429           |
| <b>Total Board and Executive</b>                        | <b>22.15</b>         | <b>\$ 1,813</b>            | <b>\$ 42</b>                       | <b>\$ 733</b>                          | <b>\$ 2,588</b> | <b>2</b>              | <b>\$ 578</b>            | <b>\$ 3,166</b> | <b>23.32</b>         | <b>\$ 2,555</b> |

**CHINOOK REGIONAL HEALTH AUTHORITY**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

|  | 2009                 |                            |                                    |   |            |                       |                          | 2008       |                      |            |
|--|----------------------|----------------------------|------------------------------------|---|------------|-----------------------|--------------------------|------------|----------------------|------------|
|  | FTE's <sup>(a)</sup> | Base Salary <sup>(b)</sup> | Other Cash Benefits <sup>(c)</sup> | Other Non-Cash Benefits <sup>(d)(e)</sup> | Subtotal   | Number of Individuals | Severance <sup>(a)</sup> | Total      | FTE's <sup>(a)</sup> | Total      |
| Board and executive                        | 22.15                | \$ 1,813                   | \$ 42                              | \$ 733                                    | \$ 2,588   | 2                     | \$ 578                   | \$ 3,166   | 23.32                | \$ 2,555   |
| Management reporting to CEO direct reports | 12.22                | 1,655                      | 1                                  | 309                                       | 1,965      | -                     | -                        | 1,965      | 11.26                | 1,781      |
| Other managers                             | 100.07               | 10,515                     | 66                                 | 2,196                                     | 12,777     | 3                     | 165                      | 12,942     | 97.23                | 11,825     |
| Medical doctors                            | 5.04                 | 1,561                      | -                                  | 104                                       | 1,665      | -                     | -                        | 1,665      | 5.08                 | 1,707      |
| Regulated nurses:                          |                      |                            |                                    |   |            |                       |                          |            |                      |            |
| RNs, RPNs, grad nurses                     | 771.99               | 58,324                     | 9,317                              | 11,879                                    | 79,520     | -                     | -                        | 79,520     | 738.36               | 72,267     |
| LPNs                                       | 172.21               | 8,562                      | 871                                | 1,600                                     | 11,033     | -                     | -                        | 11,033     | 170.91               | 9,651      |
| Other health technical and professional    | 561.61               | 40,075                     | 2,710                              | 8,333                                     | 51,118     | -                     | -                        | 51,118     | 542.48               | 44,540     |
| Unregulated health service                 | 181.78               | 6,535                      | 817                                | 1,262                                     | 8,614      | -                     | -                        | 8,614      | 175.91               | 7,411      |
| Other staff                                | 902.87               | 39,518                     | 1,572                              | 8,086                                     | 49,176     | 4                     | 62                       | 49,238     | 884.79               | 45,313     |
| Total                                      | 2,729.94             | \$ 168,558                 | \$ 15,396                          | \$ 34,502                                 | \$ 218,456 | 9                     | \$ 805                   | \$ 219,261 | 2,649.34             | \$ 197,050 |



**CHINOOK REGIONAL HEALTH AUTHORITY**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

## Supplemental Executive Retirement Plan

|  | 2009                       |                        |               | 2008          |  |   |  |
|--|----------------------------|------------------------|---------------|---------------|--|---|--|
|  | Current<br>Service<br>Cost | Other<br>SERP<br>Costs | Total         | Total         | Accrued<br>Benefit<br>Obligation<br>March 31, 2008 | Change in<br>Accrued<br>Benefit<br>Obligation | Accrued<br>Benefit<br>Obligation<br>March 31, 2009 |
| Chief Executive Officer                | \$ 33                      | \$ 277                 | \$ 310        | \$ 253        | \$ 515   | \$ (121)                                      | \$ 394   |
| Chief Operating Officer <sup>(1)</sup> | 21                         | 169                    | 190           | 153           | 305  | (74)  | 231  |
| Retired Executive                      | -                          | 7                      | 7             | 9             | 362  | (30)  | 332  |
|  | <u>\$ 54</u>               | <u>\$ 453</u>          | <u>\$ 507</u> | <u>\$ 415</u> | <u>\$ 1,182</u>                                    | <u>\$ (225)</u>                               | <u>\$ 957</u>                                      |

**CHINOOK REGIONAL HEALTH AUTHORITY****SCHEDULE OF SALARIES, AND BENEFITS****FOR THE YEAR ENDED MARCH 31, 2009**

- a. Full-time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 4,529 (2008 – 4,413). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include honoraria, bonuses, overtime, and lump sum payments.
- d. Other non-cash benefits include:
  - Employer's current service and other costs of supplemental executive retirement plan per (f) below.
  - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
  - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- f. Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2(d) Employee Future Benefits and Note 10 Long-term Employee Benefits.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.

- g. On May 15, 2008, the Authority's board, along with the other regional health authority boards, was replaced by the Alberta Health Services ('AHS') interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.



**CHINOOK REGIONAL HEALTH AUTHORITY****SCHEDULE OF SALARIES, AND BENEFITS****FOR THE YEAR ENDED MARCH 31, 2009**

- h. Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- i. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- j. Effective July 8, 2008 the Chief Executive Officer of the Authority transitioned to the Chief Operating Officer Community and Rural - AHS. Costs incurred are reported in the accounts of the Authority.
- k. CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Any title changes subsequent to July 8, 2008 are noted in footnotes (l) to (o) below.
- l. Effective February 28, 2009 the incumbent received severance. Based on future SERP compensation benefits described under (f) above, the retired individual will receive monthly pension income of \$1,515 over an indefinite term.
- m. Effective February 5, 2009 the Chief Information Officer of the Authority transitioned to the Vice President, Rural and Primary Care Services - AHS. Costs incurred are reported in the accounts of the Authority.
- n. Effective March 3, 2009 the Director of Corporate Communications of the Authority transitioned to the Service Lead, Clinical Programs and Services - AHS. Costs incurred are reported in the accounts of the Authority.
- o. Effective September 15, 2008 the incumbent received severance.



## PALLISER HEALTH REGION

### FINANCIAL STATEMENTS

March 31, 2009

Statement of Management Responsibility  
Auditor's Report  
Statement of Financial Position  
Statement of Operations  
Statement of Changes in Net Assets  
Statement of Cash Flows  
Notes to the Financial Statements  
Schedule 1 - Schedule of Expenses by Object  
Schedule 2 - Schedule of Salaries and Benefits

#### PALLISER HEALTH REGION STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING Financial Statements March 31, 2009

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The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained and assets are adequately safeguarded.

The Region members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures which allow him to report on the fairness of the financial statements prepared by management.

[Original signed]

Chief Executive Officer- Alberta Health Services  
Dr. Stephen Duckert  
June 11, 2009

[Original signed]

Chief Financial Officer- Palliser Health Region  
Seamus O'Puarthain  
June 11, 2009

[Original signed]

Chief Financial Officer- Alberta Health Services  
Chris Mazurkewich  
June 11, 2009

The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

### Auditor's Report

To the Members of the Alberta Health Services Board  
and the Minister of Health and Wellness

I have audited the statement of financial position of Palliser Health Region (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2008 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated May 16, 2008.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

### PALLISER HEALTH REGION STATEMENT OF FINANCIAL POSITION March 31, 2009 (thousands of dollars)

|  | 2009             | 2008<br>(as restated<br>- note 19) |
|--|------------------|------------------------------------|
| <b>ASSETS</b>  |                  |                                    |
| Current assets:  |                  |                                    |
| Cash, cash equivalents and investments (note 3)                | \$32,155         | \$30,338                           |
| Accounts receivable  | 7,867            | 6,429                              |
| Contributions receivable from Alberta Health and Wellness      | 298              | 1,501                              |
| Inventories  | 1,419            | 1,239                              |
| Prepaid expenses   | 572              | 1,241                              |
|  | 42,311           | 41,168                             |
| Non-current advances - continuing care partnerships (note 4)   | 8,381            | 8,785                              |
| Other assets (note 5)  | 310              | 299                                |
| Capital assets (note 6)  | 80,735           | 77,635                             |
| <b>TOTAL ASSETS</b>  | <b>\$131,737</b> | <b>\$127,887</b>                   |
| <b>LIABILITIES AND NET ASSETS</b>                              |                  |                                    |
| Current liabilities:   |                  |                                    |
| Accounts payable and accrued liabilities                       | \$15,570         | \$14,228                           |
| Accrued vacation pay   | 8,946            | 8,512                              |
| Deferred contributions (note 7)                                | 12,163           | 13,174                             |
|  | 36,679           | 35,914                             |
| Deferred contributions - continuing care partnerships (note 4) | 8,381            | 8,785                              |
| Unamortized external capital contributions                     | 72,365           | 68,691                             |
| Net assets:  |                  |                                    |
| Accumulated surplus (note 9):                                  |                  |                                    |
| Unrestricted net assets  | 5,942            | 878                                |
| Internally restricted net assets:                              | -                | 4,675                              |
| Investment in capital assets                                   | 8,370            | 8,944                              |
|  | 14,312           | 14,497                             |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                        | <b>\$131,737</b> | <b>\$127,887</b>                   |

Commitments and contingencies (note 10)

The accompanying notes and schedules are part of these financial statements.

**PALLISER HEALTH REGION**  
**STATEMENT OF OPERATIONS**  
Year ended March 31, 2009  
(Thousands of dollars)

|   | 2009<br>Budget   | 2009<br>Actual | 2008<br>Actual            |
|---|------------------|----------------|---------------------------|
|   | (note 11)        |                | (as revised<br>- note 19) |
| <b>Revenue:</b>                                   |                  |                |                           |
| Alberta Health & Wellness contributions (note 12) | \$183,381        | \$185,398      | \$175,340                 |
| Other government contributions (note 13)          | 3,305            | 4,660          | 3,284                     |
| Fees and charges                                  | 18,077           | 19,636         | 16,025                    |
| Ancillary operations (note 14)                    | 1,017            | 1,163          | 1,091                     |
| Donations   | 300              | 468            | 285                       |
| Investment and other income (note 15)             | 4,005            | 3,138          | 4,953                     |
| Amortization of external capital contributions    | 5,555            | 6,629          | 5,436                     |
|   | 215,840          | 221,092        | 206,416                   |
| <b>Expenses (schedule 1):</b>                     |                  |                |                           |
| Inpatient acute nursing services                  | 56,683           | 54,184         | 54,099                    |
| Emergency and outpatient services                 | 13,119           | 12,735         | 12,382                    |
| Facility-based continuing care services           | 26,133           | 25,996         | 23,998                    |
| Ground Ambulance Discovery Project                | 4,397            | 4,789          | 4,405                     |
| Community-based care                              | 7,197            | 7,885          | 6,869                     |
| Home care   | 9,861            | 10,177         | 9,321                     |
| Diagnostic and therapeutic services               | 41,752           | 41,672         | 37,631                    |
| Promotion, prevention and protection services     | 5,991            | 6,215          | 5,927                     |
| Administration                                    | 9,413            | 9,923          | 8,653                     |
| Information technology                            | 5,435            | 5,039          | 5,237                     |
| Support services                                  | 38,129           | 39,372         | 37,597                    |
| Amortization of facilities and improvements       | 3,080            | 3,290          | 2,985                     |
|   | 221,140          | 221,277        | 209,104                   |
| <b>Deficiency of revenue over expenses</b>        | <b>(\$5,300)</b> | <b>(\$185)</b> | <b>(\$2,688)</b>          |

The accompanying notes and schedules are part of these financial statements.

**PALLISER HEALTH REGION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
Year ended March 31, 2009  
(Thousands of dollars)

|   | 2009<br>Accumulated Surplus<br>Unrestricted | 2009<br>Internally<br>Restricted | 2009<br>Investment<br>in Capital<br>Assets | 2009<br>Cumulative<br>Net Unrealized<br>Losses on<br>Investments | 2009<br>Total   | 2008<br>Total             |
|---|---|----------------------------------|--|--|-----------------|---------------------------|
|   | (note 9)                                    | (note 9)                         |  |  |                 | (as revised<br>- note 19) |
| Deficiency of revenues over<br>expenses   | (\$185)                                     | \$ -                             | \$ -                                       | \$ -   | (\$185)         | (\$2,688)                 |
| Capital assets purchased with<br>internal funds   | (1,954)                                     | -                                | 1,954                                      | -  | -               | -                         |
| Amortization on internally funded<br>capital assets   | 2,528                                       | -                                | (2,323)                                    | -  | -               | -                         |
| Transfer from internally restricted<br>to unrestricted  | 4,675                                       | (4,675)                          | -  | -  | -               | -                         |
| <b>Cumulative net realized losses on investments:</b>   |   |                                  |  |  |                 |                           |
| Unrealized losses on available<br>for sale financial assets, arising<br>during the year                   | -   | -                                | -  | (1,987)  | (1,987)         | -                         |
| Transfer of net unrealized<br>losses on available for sale<br>financial assets to revenue (note<br>2 (i)) | -   | -                                | -  | 1,987  | 1,987           | -                         |
| <b>Net change</b>   | <b>5,064</b>                                | <b>(4,675)</b>                   | <b>(574)</b>                               | <b>-</b>   | <b>(185)</b>    | <b>(2,688)</b>            |
| Net assets, beginning of year   | 878   | 4,675                            | 8,944                                      | -  | 14,497          | 17,185                    |
| <b>Net assets, end of year</b>  | <b>\$3,942</b>                              | <b>\$ -</b>                      | <b>\$8,370</b>                             | <b>\$ -</b>  | <b>\$14,312</b> | <b>\$14,497</b>           |

The accompanying notes and schedules are part of these financial statements.

**PALLISER HEALTH REGION**  
**STATEMENT OF CASH FLOWS**  
Year ended March 31, 2009  
(thousands of dollars)

|   | 2009<br>Budget | 2009<br>Actual | 2008<br>Actual            |
|---|----------------|----------------|---------------------------|
|   | (note 11)      |                | (as revised<br>- note 19) |
| Cash generated from (used by):                              |                |                |                           |
| Operating activities:                                       |                |                |                           |
| Deficiency of revenue over expenses                         | (\$5,300)      | (\$185)        | (\$2,688)                 |
| Non cash transactions:                                      |                |                |                           |
| Amortization of capital equipment - internally funded       | 2,600          | 2,528          | 2,369                     |
| Amortization of capital equipment - externally funded       | 2,525          | 3,339          | 2,461                     |
| Amort. of facilities & improvements - externally funded     | 3,030          | 3,290          | 2,985                     |
| Amortization of external capital contributions              | (5,353)        | (6,629)        | (5,436)                   |
| Change in non-cash working capital                          | -              | 1,439          | (1,563)                   |
|   | (2,700)        | 3,782          | (1,882)                   |
| Investing activities:                                       |                |                |                           |
| Purchase of capital assets:                                 |                |                |                           |
| Internally funded - equipment                               | (2,600)        | (1,954)        | (1,098)                   |
| Externally funded - equipment                               | (1,992)        | (5,070)        | (3,662)                   |
| Externally funded - facilities and improvements             | (3,053)        | (5,233)        | (6,186)                   |
| (Increase) decrease in other assets                         | -              | (11)           | 23                        |
|   | (7,647)        | (12,268)       | (10,923)                  |
| Financing activities:                                       |                |                |                           |
| Capital contributions received                              | 5,047          | 10,303         | 9,848                     |
|   | 5,047          | 10,303         | 9,848                     |
| Increase (decrease) in cash, cash equivalents & investments | (5,300)        | 1,817          | (2,957)                   |
| Cash, cash equivalents and investments, beginning of year   | 30,338         | 30,338         | 33,295                    |
| Cash, cash equivalents and investments, end of year         | \$25,038       | \$32,155       | \$30,338                  |

The accompanying notes and schedules are part of these financial statements.

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
March 31, 2009  
(thousands of dollars)

**1. Authority, Purpose and Operations**

Palliser Health Region ("the Region") was established June 24, 1994 under the Regional Health Authorities Act, and is a registered charity under the Income Tax Act and exempt from payment of income tax. Effective April 1, 2009 the Region will be disestablished and all the assets and liabilities will be transferred to Alberta Health Services (Note 17).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Region's operations include the following facilities and sites:

Bassano Health Centre  
Bow Island Health Centre and Alfred Egan Home  
Bow Island Community Health Office  
Brooks Health Centre  
Brooks Home Care Office  
Medicine Hat Regional Hospital  
Medicine Hat Community Health Office - Deanmore Road  
Medicine Hat Community Mental Health Office - Provincial Building  
Oyen Big Country Hospital and Health Office

These financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the Region, except as disclosed in Note 16.

**2. Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

- (1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.
- (2) These financial statements were prepared on a consolidated basis and include the following:
  - (i) The Region uses the proportionate consolidation method to account for its 50% interest in the Palliser Primary Care Network.
  - (ii) The Region uses the proportionate consolidation method to account for its share in the Regional Shared Health Information Program (RSHIP).
- (3) These financial statements use the deferral method, key elements of which are:
  - (i) Unrestricted contributions are recognized as revenue in the year receivable.



## 2. Significant Accounting Policies and Reporting Practices (continued)

- (ii) Restricted non-capital contributions are recognized as revenue in the year the related expenses are incurred.
- (iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.
- (iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.
- (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available for sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Unrealized gains and losses on held for trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

### (b) Capital Disclosure

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Region defines capital as including deferred capital contributions, unamortized external capital contributions, and the investment in capital assets.

The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

## 2. Significant Accounting Policies and Reporting Practices (continued)

The majority of the Region's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since the department does not fund ancillary operations.

### (c) Full Cost

The Region accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges and as contracted health service expense.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as they represent part of the Region's health program costs.
- (iii) Fair value to use acute care facilities not owned by the Region is recorded as other government contributions or donations, and as program expense, since the Region's contract payments do not include amounts for use of these facilities.
- (iv) Fair value to use non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Other assets, supplies and services a health region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

## 2. Significant Accounting Policies and Reporting Practices (continued)

### (d) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where information is insufficient to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plans. The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan (SRP) to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The Region's SRP is fully funded.

### (e) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are expensed. The purchase and sale of investments are accounted for using the settlement date accounting.

### (f) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", financial liabilities classified as "other financial liabilities" and financial assets classified as "held to maturity" are measured at amortized cost using the effective interest method.

## 2. Significant Accounting Policies and Reporting Practices (continued)

The Region has classified its financial assets and financial liabilities as follows:

| Financial Assets and Liabilities                    | Classification              |
|---|-----------------------------|
| Cash and cash equivalents                           | Held for trading            |
| Investments   | Available for sale          |
| Accounts receivable                                 | Loans and receivables       |
| Non-current advances - continuing care partnerships | Loans and receivables       |
| Accounts payable                                    | Other financial liabilities |

At March 31, 2008 the Region classified its investments as held to maturity. At March 31, 2009, the Region no longer intends to hold these investments to maturity. Therefore, the Region re-categorized its investments as available for sale (note 3).

The Region does not use hedge accounting and accordingly, is not impacted by the requirement of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The carrying value of cash, accounts receivable, contributions receivable, accounts payable and accrued liabilities and accrued vacation pay approximates their fair value because of the short term nature of these items. Unless otherwise noted, it is management's opinion that the Region is not exposed to significant interest, currency or credit risks arising from its financial instruments.

### (g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.



**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**2. Significant Accounting Policies and Reporting Practices (continued)**

The Region adopted this new standard as of April 1, 2008, but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories held for consumption or distribution at no charge are recorded at the lower of cost (defined as weighted average cost) and current replacement cost. All other inventories are recorded at the lower of cost and net realizable value, with cost determined by the weighted average cost method.

**(h) Capital Assets**

Capital assets and work in progress are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

|                   | <u>Useful Life</u> |                            | <u>Useful Life</u> |
|-------------------|--------------------|----------------------------|--------------------|
| Buildings         | 40 years           | Building service equipment | 20 years           |
| Land improvements | 20 years           | Vehicles and equipment     | 5-20 years         |

Work in progress is not amortized until after a project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

**(i) Measurement Uncertainty**

The financial statements by their nature contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. The Supplementary Retirement Plan is based on actuarial calculations. Actual results could differ from these estimates.

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**3. Cash, Cash Equivalents and Investments**

|                              | 2009                    |                  | 2008                    |                  |
|------------------------------|-------------------------|------------------|-------------------------|------------------|
|                              | Fair<br>Market<br>Value | Cost             | Fair<br>Market<br>Value | Cost             |
| Cash                         | \$ 11,362               | \$ 11,362        | \$ 6,270                | \$ 6,270         |
| Bonds                        | 33,781                  | 35,768           | 36,848                  | 36,157           |
| Less Health Foundation funds | (5,777)                 | (5,777)          | (6,087)                 | (6,087)          |
| Less Third Party funds       | (7,211)                 | (7,211)          | (6,002)                 | (6,002)          |
|                              | <u>\$ 32,155</u>        | <u>\$ 34,142</u> | <u>\$ 31,029</u>        | <u>\$ 30,338</u> |

To optimize returns at an acceptable risk level, management has established a policy asset mix of 0% to 100% for fixed-income securities and 0% for equities. Risk is reduced through diversification of issuers.

Bonds represent fixed income securities comprised of:

Canadian provincial bonds with effective yields of 5.69% to 6.28% (2008 - 5.69% to 6.28%)  
 Corporate bonds with effective yields of 4.72% to 7.39% (2008 - 4.72% to 7.39%).

At March 31 the bonds have the following maturity structure:

|                | 2009        | 2008        |
|----------------|-------------|-------------|
| 1 to 5 years   | 40%         | 45%         |
| 6 to 10 years  | 55%         | 47%         |
| 11 to 15 years | 5%          | 8%          |
|                | <u>100%</u> | <u>100%</u> |

Total pooled funds have a market value of \$1,987 less than book value (2008 - \$691 greater than book value). Valuation of bonds has been obtained from independent brokerage firms. At March 31, 2009, management determined that the impairment of investments classified as available for sale was other than temporary and therefore the cumulative loss has been recognized in the statement of operations.

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**4. Non-Current Advances – Continuing Care Partnerships**

Funds received from Alberta Infrastructure and advanced for the construction of continuing care facilities in the Region, operated by voluntary/private health service contract operators, are recorded as a non-current advance.

The Region uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds. Under this model, the Region finances the capital construction costs and extends an advance, which is secured by the facility and is forgivable for services rendered by the owner over the predicted life of the facility. The funding received is recorded as Deferred Contributions – Continuing Care Partnerships and each year a portion is included in revenue with an offsetting expense in accordance with the accounting policies for restricted contributions described in Note 2 (a) (3) (iii). The portion included in revenue, representing the amount forgiven during the year, is \$404 (2008 - \$405).

During 2002, funding of \$7.1 million was received from Alberta Infrastructure and advanced to the Good Samaritan Society for the construction of the 80 bed Southridge Village Project. 100% of the advance is to be forgiven over the period from 2002 to 2027.

During 2005, funding of \$4.013 million was received from Alberta Infrastructure and advanced to Club Sierra Lifestyles at River Ridge Inc. for the construction of the 50 bed Masterpiece Living Project. 90% of the advance is to be forgiven over the period from 2005 to 2035.

**5. Other Assets**

On November 2, 2005, the Region initiated a Supplemental Retirement Plan (SRP) for certain senior executives, as noted in 2 (d). At March 31, 2009, the fair value of plan assets is \$1,307 (2008 - \$965), and the net asset is \$310 (2008 - \$299).

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**6. Capital Assets**

|                             | Cost                           |                    |                    |                                 |
|-----------------------------|--------------------------------|--------------------|--------------------|---------------------------------|
|                             | Opening<br>Balance<br>Apr 1/08 | Asset<br>Additions | Asset<br>Disposals | Closing<br>Balance<br>Mar 31/09 |
| Land                        | \$ 852                         | \$ -               | \$ -               | \$ 852                          |
| Buildings                   | 111,967                        | 10,224             | -                  | 122,191                         |
| Land/leasehold improvements | 4,276                          | 106                | -                  | 4,382                           |
| Building service equipment  | 17,578                         | 1,556              | -                  | 19,134                          |
| Equipment                   | 35,604                         | 7,024              | -                  | 42,628                          |
| Construction in progress    | 8,710                          | (6,653)            | -                  | 2,057                           |
|                             | <b>\$ 178,987</b>              | <b>\$ 12,257</b>   | <b>\$ -</b>        | <b>\$ 191,244</b>               |

|                          | Accumulated Amortization       |                 |                                 | Net Book Value   |                                    |
|--------------------------|--------------------------------|-----------------|---------------------------------|------------------|------------------------------------|
|                          | Opening<br>Balance<br>Apr 1/08 | Additions       | Closing<br>Balance<br>Mar 31/09 | 2009             | 2008<br>(as restated –<br>note 19) |
| Land                     | \$ -                           | \$ -            | \$ -                            | \$ 852           | \$ 852                             |
| Buildings                | 66,632                         | 2,833           | 69,465                          | 52,726           | 45,335                             |
| Land/leasehold improve.  | 2,609                          | 96              | 2,705                           | 1,677            | 1,667                              |
| Building service equip.  | 13,575                         | 361             | 13,936                          | 5,198            | 4,003                              |
| Equipment                | 18,536                         | 5,867           | 24,403                          | 18,225           | 17,068                             |
| Construction in progress | -                              | -               | -                               | 2,057            | 8,710                              |
|                          | <b>\$ 101,352</b>              | <b>\$ 9,157</b> | <b>\$ 110,509</b>               | <b>\$ 80,735</b> | <b>\$ 77,635</b>                   |

Capital assets have been funded from the following sources:

|  | 2009             | 2008             |
|--|------------------|------------------|
| Externally funded (Unamortized External Capital Contributions) | \$ 72,365        | \$ 68,691        |
| Internally funded (Investment in Capital Assets)               | 8,370            | 8,944            |
|  | <b>\$ 80,735</b> | <b>\$ 77,635</b> |

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**7. Deferred Contributions**

The balance at the end of year is restricted for the following purposes:

|  | 2009             | 2008             |
|--|------------------|------------------|
| Alberta Telestroke program                               | \$ -             | \$ 20            |
| Clinical Telehealth                                      | 507              | 151              |
| Continuing care projects                                 | 283              | 584              |
| Innovation in immunization                               | -                | 140              |
| Innovation in pre-school development                     | 182              | 131              |
| Mental health projects                                   | 534              | 1,270            |
| Physician on call  | 383              | 939              |
| Regional Health Promotion Coordinators - healthy weights | 417              | 370              |
| Security of systems                                      | 219              | 239              |
| Pandemic funding   | -                | 891              |
| Public health safety - hand hygiene                      | 243              | 300              |
| Reducing and avoiding injury                             | 640              | 728              |
| Infrastructure - maintenance program and projects        | 6,055            | 5,411            |
| Primary Care Network (Note 16 (c))                       | 2,700            | 2,000            |
|  | <b>\$ 12,163</b> | <b>\$ 13,174</b> |

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**8(a). Long Term Employee Benefits - Supplementary Retirement Plan**

|  | 2009            | 2008            |
|--|-----------------|-----------------|
| <b>Accrued benefit obligations:</b>  |                 |                 |
| Accrued obligation, beginning of year                                      | \$ 1,224        | \$ 876          |
| Current service cost   | 51              | 57              |
| Interest cost  | 65              | 48              |
| Prior service cost   | -               | 2               |
| Actuarial (gain) loss  | (260)           | 247             |
| Benefit payments   | (29)            | (6)             |
| Accrued obligation, end of year  | <b>1,051</b>    | <b>1,234</b>    |
| <b>Reconciliation of funded status of accrued benefit asset:</b>           |                 |                 |
| Funded status of plan (deficit)  | 256             | (259)           |
| Unamortized actuarial loss   | 34              | 384             |
| Unrecognized initial obligation  | 20              | 173             |
| Unamortized prior service costs  | -               | 1               |
| Accrued benefit asset  | <b>310</b>      | <b>299</b>      |
| <b>Determination of net benefit cost for the year:</b>                     |                 |                 |
| Current service cost   | 51              | 57              |
| Interest cost  | 65              | 48              |
| Amortization of initial obligation   | 153             | 86              |
| Amortization of prior service costs  | -               | 1               |
| Amortization of net actuarial loss   | 128             | 42              |
| Expected return on plan assets   | (32)            | (23)            |
| Benefit cost   | <b>\$ 365</b>   | <b>\$ 211</b>   |
| <b>Significant actuarial assumptions are as follows:</b>                   |                 |                 |
| Discount rate  | 6.20%           | 5.20%           |
| Expected average remaining service life of employees                       | 6 years         | 3 years         |
| Salary increase  | 4.00%           | 4.00%           |
| Expected return on plan assets   | 3.10%           | 2.60%           |
| The above is based on the actuarial valuation performed at March 31, 2009. |                 |                 |
| The Region's SRP is fully funded.  |                 |                 |
| <b>Employer contributions at March 31:</b>                                 |                 |                 |
| Plan assets (held by trustee) - fair value of assets                       | 628             | 488             |
| Plan assets (held by Canada Revenue Agency) - paid by refundable taxes     | 679             | 477             |
| Total plan assets  | <b>\$ 1,307</b> | <b>\$ 965</b>   |
| Funded status of plan (deficit)  | <b>\$ 256</b>   | <b>\$ (259)</b> |

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**9(b). Long Term Employee Benefits - Pension Expense**

Pension expense related to the Region's participation in the Local Authorities Pension Plan in these financial statements is equal to the Region's annual contributions payable of \$6,140 for the year ended March 31, 2009 (2008 - \$5,702).

At December 31, 2008, the Local Authorities Pension Plan reported a deficiency of \$4.414 billion (December 31, 2007 - deficiency of \$1.183 billion).

Pension expense related to the Region's participation in Supplementary Retirement Plan in these financial statements is equal to \$365 for the year ended March 31, 2009 (2008 - \$211).

**9. Accumulated Surplus**

The Region's accumulated surplus comprises the following:

|                                      | 2009     | 2008                       |
|--------------------------------------|----------|----------------------------|
|                                      |          | (as restated<br>- note 19) |
| Unrestricted net assets              | \$ 5,942 | \$ 878                     |
| Internally restricted net assets:    |          |                            |
| Future capital equipment replacement | -        | 4,675                      |
|                                      | \$ 5,942 | \$ 5,553                   |

In 2009, the Alberta Health Services Board unrestricted all funds that were previously internally restricted.

**10. Commitments and Contingencies**

The Region has entered into various multi-year commitments for the purchase of supplies. Also, the Region contracts on an ongoing basis with unions and health service operators to provide services to the Region. These commitments have contracts terms varying from one to eight years in length, are part of the ordinary course of operations and are contracted for in upcoming years on similar terms to those in effect for the current fiscal year.

In the normal course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability, if any, the Region believes that there will be no material adverse effect on its financial position from these claims.

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

The Region has been named as a defendant in a legal action in respect of increased long term care accommodation charges. The claim has been filed against the province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of \$150 million, based on the amount of the increase in accommodation charges levied, which came into effect August 1, 2003. The outcome of the claim is not determinable.

With regard to its buildings, the Region has identified that certain costs could arise (asset retirement obligations) on decommissioning for which fair value cannot currently be reasonably estimated, due to the indeterminate timing and scope of when and how the buildings might be decommissioned in the future. The asset retirement obligations for these assets will be recorded in the period in which there is sufficient information to estimate fair value.

**11. Budget**

The budget was approved by senior executive and submitted to the Minister of Health and Wellness on June 5, 2008.

**12. Alberta Health and Wellness Contributions**

|  | 2009       | 2008       |
|--|------------|------------|
| Unrestricted contributions                                   | \$ 171,860 | \$ 162,131 |
| Transfers from deferred contributions                        | 12,146     | 12,217     |
| Legacy Mortgage Assistance Program for nursing home upgrades | 192        | 192        |
| Primary Care Network (note 16)                               | 1,200      | 800        |
|  | \$ 185,398 | \$ 175,340 |

**13. Other Government Contributions**

|  | 2009     | 2008     |
|--|----------|----------|
| Persons with Developmental Disabilities - Alfred Egan Home | \$ 3,094 | \$ 2,879 |
| Transition grant from East Central Health (note 18)        | 1,056    | -        |
| Emergency Medical Services grant from East Central Health  | 106      | -        |
| Continuing care partnerships                               | 404      | 405      |
|  | \$ 4,660 | \$ 3,284 |

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**14. Ancillary Operations**

|                           | 2009     |                 |                                 | 2008     |                                 |
|---------------------------|----------|-----------------|---------------------------------|----------|---------------------------------|
|                           | Revenue  | Direct Expenses | Excess of Revenue over Expenses | Revenue  | Excess of Revenue over Expenses |
| Parking operations        | \$ 367   | \$ 108          | \$ 259                          | \$ 314   | \$ 225                          |
| Non-patient food services | 796      | 796             | -                               | 777      | -                               |
| Total                     | \$ 1,163 | \$ 904          | \$ 259                          | \$ 1,091 | \$ 225                          |

Ancillary operations consist of the sale of goods and services that are not related to the direct provision of health services. Ancillary expenses are reported in the support services line in the Statement of Operations.

**15. Investment and Other Income**

|   | 2009     | 2008     |
|---|----------|----------|
| Investment income                                       | \$ 1,954 | \$ 2,026 |
| Other than temporary impairment of investments (note 3) | (1,987)  | -        |
| Other income  | 3,171    | 2,929    |
|   | \$ 3,138 | \$ 4,955 |

Investment income comprises interest, amortization of discounts (premiums) and net gains on disposal of investments.

Other income comprises Student Health Initiative Program, WCB recoveries, rental income and miscellaneous recoveries.

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
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**16. Related Parties**

**(a) Province of Alberta and Health Regions**

The Minister of Health and Wellness appoints the members of the Alberta Health Services Board. The Board is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry.

The Region had the following significant transactions with other health regions recorded on the Statement of Operations and Financial Position at the amounts agreed upon by the related parties:

|  | 2009     |          |            |         | 2008    |          |            |         |
|--|----------|----------|------------|---------|---------|----------|------------|---------|
|  | Revenue  | Expenses | Receivable | Payable | Revenue | Expenses | Receivable | Payable |
| Other regional health authorities and provincial health boards | \$ 1,814 | \$ -     | \$ 4,433   | \$ -    | \$ 670  | \$ -     | \$ 2,165   | \$ -    |
| Total  | \$ 1,814 | \$ -     | \$ 4,433   | \$ -    | \$ 670  | \$ -     | \$ 2,165   | \$ -    |

**(b) Regional Shared Health Information Program (RSHIP)**

The seven non-metro health regions (Palliser Health Region, Chinook Regional Health Authority, David Thompson Health Region, East Central Health, Aspen Health Region, Peace Country Health, Northern Lights Health Region) have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

RSHIP transactions recorded in the financial statements are as follows:

|                                     | 2009     | 2008     |
|-------------------------------------|----------|----------|
| Alberta Health and Wellness funding | \$ 1,067 | \$ 1,091 |
| Health region contribution          | 602      | 569      |
|                                     | \$ 1,669 | \$ 1,660 |
| <b>Reported as follows:</b>         |          |          |
| Expenses                            | \$ 602   | \$ 569   |
| Capital assets                      | 1,067    | 1,091    |
|                                     | \$ 1,669 | \$ 1,660 |

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**(c) Primary Care Network**

During 2007, a Primary Care Network (PCN) commenced operation within the Region. The Region's 50% share of the PCN is included in the financial statements under the proportionate consolidation method, as follows:

|                                  | 2009     | 2008     |
|----------------------------------|----------|----------|
| Statement of Financial Position: |          |          |
| Cash and cash equivalents        | \$ 2,700 | \$ 2,000 |
| Deferred contributions           | 2,700    | 2,000    |
| Statement of Operations:         |          |          |
| Revenue (note 12)                | \$ 1,200 | \$ 800   |
| Expenses                         | 1,200    | 800      |

**(d) Foundations**

The Region has economic interest in the following foundations:

|              | 2009     |             |            | 2008     |             |            |
|--------------|----------|-------------|------------|----------|-------------|------------|
|              | Assets   | Liabilities | Net Assets | Assets   | Liabilities | Net Assets |
| Basano       | \$ 35    | -           | \$ 35      | \$ 75    | -           | \$ 75      |
| Bow Island   | 103      | -           | 103        | 141      | -           | 141        |
| Brooks       | 623      | -           | 623        | 670      | -           | 670        |
| Medicine Hat | 4,741    | -           | 4,741      | 4,923    | -           | 4,923      |
| Oyen         | 286      | -           | 286        | 286      | -           | 286        |
| Total        | \$ 5,788 | -           | \$ 5,788   | \$ 6,095 | -           | \$ 6,095   |

|              | Revenue  | Expenses | Deficiency | Revenue  | Expenses | Excess |
|--------------|----------|----------|------------|----------|----------|--------|
|              |          |          |            |          |          |        |
| Basano       | \$ 31    | \$ 71    | \$ (40)    | \$ 56    | \$ 6     | \$ 50  |
| Bow Island   | 43       | 82       | (39)       | 111      | 101      | 10     |
| Brooks       | 339      | 387      | (48)       | 230      | 157      | 73     |
| Medicine Hat | 935      | 1,117    | (182)      | 1,390    | 915      | 475    |
| Oyen         | 54       | 54       | -          | 81       | 18       | 63     |
| Total        | \$ 1,402 | \$ 1,711 | \$ (309)   | \$ 1,868 | \$ 1,197 | \$ 671 |

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

Contributions received by the Region during the year, representing the funding of capital and non-capital items selected by the foundations, are as follows:

|   | 2009     | 2008     |
|---|----------|----------|
| Basano & District Health Foundation       | \$ 70    | \$ 6     |
| Bow Island & District Health Foundation   | 77       | 101      |
| Brooks & District Health Foundation       | 374      | 143      |
| Medicine Hat & District Health Foundation | 931      | 757      |
| Oyen & District Health Care Foundation    | 52       | 15       |
|   | \$ 1,504 | \$ 1,022 |

Resources held by the foundations at the end of the year, representing funds which must be used for specific communities, are as follows:

|   | Unrestricted | Externally Restricted | 2009 Total | 2008 Total |
|---|--------------|-----------------------|------------|------------|
| Basano & District Health Foundation       | \$ 10        | \$ 25                 | \$ 35      | \$ 75      |
| Bow Island & District Health Foundation   | 78           | 25                    | 103        | 142        |
| Brooks & District Health Foundation       | 326          | 297                   | 623        | 670        |
| Medicine Hat & District Health Foundation | 3,562        | 1,179                 | 4,741      | 4,923      |
| Oyen & District Health Care Foundation    | 278          | 8                     | 286        | 285        |
|   | \$ 4,254     | \$ 1,534              | \$ 5,788   | \$ 6,095   |

**(e) Private Health Service Providers**

The Region has an economic interest through its contracts with private health service providers. Funding was provided as follows:

|                                   | 2009      | 2008      |
|-----------------------------------|-----------|-----------|
| Direct Region funding             | \$ 29,430 | \$ 26,745 |
| Alberta Health & Wellness funding | 192       | 192       |
| Fees and charges                  | 7,200     | 6,350     |
|                                   | \$ 36,822 | \$ 33,287 |



**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**17. New Governance Structure**

On May 15, 2008, the Minister of Health & Wellness restructured the governance model of the health services delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission. Effective April 1, 2009, all of these entities including the Region, but excluding East Central Health, will be disestablished and all the assets, liabilities, rights and obligations of these entities, including the Region, will be assumed by East Central Health whose name will change to Alberta Health Services.

**18. Transition Costs**

As at March 31, 2009, the Region recorded incremental transition costs and restructuring charges related to the transition to Alberta Health Services, consisting of severance costs and termination benefits (Schedule 2). In the Statement of Operations, these expenses are included in Administration. Additional incremental expenses related to the transition to Alberta Health Services are also reported and disclosed in the financial statements of East Central Health.

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described below.

|                                | Severance-<br>Related | Other | Total  |
|--------------------------------|-----------------------|-------|--------|
| Liability as at March 31, 2008 | \$ -                  | \$ -  | \$ -   |
| Expenses                       | 1,056                 | -     | 1,056  |
| Payments made during the year  | (699)                 | -     | (699)  |
| Liability as at March 31, 2009 | \$ 357                | \$ -  | \$ 357 |

**PALLISER HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2009  
 (thousands of dollars)

**19. Correction of Errors**

During the year, the Region identified and corrected errors from prior years. These errors and related adjustments to previously reported balances are as follows:

- (a) Assets were purchased in 2006, 2007 and 2008 that were funded from external sources and were not capitalized in the financial statements.
- (b) Payroll benefits were incorrectly accrued in 2008 and prior years.
- (c) RSHIP assets were incorrectly recorded in 2008 and prior years.

|  | As<br>Originally<br>Reported | (a)  | Adjustments<br>(b) | (c)     | As<br>Restated |
|--|------------------------------|------|--------------------|---------|----------------|
| <b>For the year ended March 31, 2008:</b>  |                              |      |                    |         |                |
| Deficiency of revenues over expenses       | \$ (2,688)                   | \$ - | \$ -               | \$ -    | \$ (2,688)     |
| <b>As at March 31, 2008:</b>               |                              |      |                    |         |                |
| Accounts receivable                        | 4,934                        | -    | -                  | 1,495   | 6,429          |
| Prepaid expenses                           | 2,308                        | -    | -                  | (1,067) | 1,241          |
| Capital assets                             | 76,872                       | 763  | -                  | -       | 77,635         |
| Accounts payable and accrued liabilities   | 14,678                       | -    | (450)              | -       | 14,228         |
| Unamortized External Capital Contributions | 67,928                       | 763  | -                  | -       | 68,691         |
| Net Assets: Accumulated surplus            | 4,675                        | -    | 450                | 428     | 5,553          |
| <b>As at March 31, 2007:</b>               |                              |      |                    |         |                |
| Net Assets: Accumulated surplus            | 6,092                        | -    | 450                | 428     | 6,970          |

**20. Comparative Figures**

Certain 2008 figures have been reclassified and restated to conform to the 2009 presentation.

**21. Approval of Financial Statements**

These financial statements have been approved by the Alberta Health Services Board.

**PALLISER HEALTH REGION**  
**SCHEDULE OF EXPENSES BY OBJECT**  
Year ended March 31, 2009  
(thousands of dollars)

**Schedule 1**

|   | Budget    | 2009<br>Actual | 2008<br>Actual |
|---|-----------|----------------|----------------|
|   | (note 11) |                |                |
| Salaries and benefits (schedule 2)                | \$129,510 | \$129,562      | \$121,985      |
| Contracts with health service providers (note 16) | 34,877    | 36,822         | 33,287         |
| Drugs and gases                                   | 5,080     | 4,618          | 4,695          |
| Medical and surgical supplies                     | 5,590     | 5,975          | 5,261          |
| Other contracted services                         | 16,210    | 15,252         | 15,266         |
| Other expenses - utilities                        | 4,000     | 3,854          | 3,772          |
| Other expenses - miscellaneous                    | 17,718    | 16,087         | 17,033         |
| Amortization:                                     |           |                |                |
| Capital equipment - internally funded             | 2,600     | 2,528          | 2,369          |
| Capital equipment - externally funded             | 2,525     | 3,339          | 2,451          |
| Facilities and improvements - externally funded   | 3,030     | 3,290          | 2,985          |
|   | \$221,140 | \$221,277      | \$209,104      |

**PALLISER HEALTH REGION**  
**SCHEDULE OF SALARIES AND BENEFITS**  
Year Ended March 31, 2009  
(thousands of dollars)

**Schedule 2(a)**

|                          | 2009  |                |                           |                               |              |           |               | 2008  |       |
|--------------------------|-------|----------------|---------------------------|-------------------------------|--------------|-----------|---------------|-------|-------|
|                          | FTE   | Base<br>Salary | Other<br>Cash<br>Benefits | Other<br>Non-Cash<br>Benefits | Sub<br>Total | Sovereign |               | Total |       |
|                          | (1)   | (2)            | (3)                       | (4) (6)                       |              | FTE       | Amount<br>(5) |       | (1)   |
| <b>Board Chair (7)</b>   |       |                |                           |                               |              |           |               |       |       |
| Ken Hughes - AHS         | 0.08  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| Carol Secord-Stick       | 0.12  | -              | \$11                      | -                             | \$11         | -         | -             | \$11  | 1.08  |
| <b>Board Members (7)</b> |       |                |                           |                               |              |           |               |       |       |
| Jack Adu - AHS           | 0.08  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| Flora Crowell - AHS      | 0.21  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| Colleen Rocco - AHS      | 0.05  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| Linda Hild - AHS         | 0.08  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| John Lohman - AHS        | 0.08  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| Steve Lewis - AHS        | 0.08  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| Don Siskin - AHS         | 0.08  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| Leslie Androschuk - AHS  | 0.17  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| Geoff Bortje - AHS       | 0.17  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| Paul Lynn Brouse - AHS   | 0.17  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| Jim Clifford - AHS       | 0.17  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| Steven Crowfoot - AHS    | 0.17  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| Tony Pascochini - AHS    | 0.17  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| Andreas Lampard - AHS    | 0.17  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| Geoff Walcott - AHS      | 0.17  | -              | -                         | -                             | -            | -         | -             | -     | -     |
| Howard Butler            | 0.12  | -              | 2                         | -                             | 2            | -         | -             | 2     | 1.0   |
| Jim Black                | 0.12  | -              | 1                         | -                             | 1            | -         | -             | 1     | 1.0   |
| Hugh English             | 0.12  | -              | -                         | -                             | -            | -         | -             | -     | 1.0   |
| Jim Kilwen               | 0.12  | -              | 1                         | -                             | 1            | -         | -             | 1     | 1.0   |
| Albert McPherson         | 0.12  | -              | 2                         | -                             | 2            | -         | -             | 2     | 1.0   |
| Levin Olstad             | 0.12  | -              | 3                         | -                             | 3            | -         | -             | 3     | 1.0   |
| Lynne Sengster           | 0.12  | -              | 2                         | -                             | 2            | -         | -             | 2     | 1.0   |
| Ken Bauer                | 0.12  | -              | 2                         | -                             | 2            | -         | -             | 2     | 1.0   |
| Martha Shickle           | 0.12  | -              | 1                         | -                             | 1            | -         | -             | 1     | 1.0   |
| Red Summersfield         | 0.12  | -              | 2                         | -                             | 2            | -         | -             | 2     | 1.0   |
| Harold Storlien          | 0.12  | -              | 1                         | -                             | 1            | -         | -             | 1     | 1.0   |
| Craig Widmer             | 0.12  | -              | 1                         | -                             | 1            | -         | -             | 1     | 1.0   |
|                          | 10.52 |                | \$29                      |                               | \$29         |           |               | \$29  | 13.0  |
|                          |       |                |                           |                               |              |           |               |       | \$137 |



**FALLISER HEALTH REGION**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**Year Ended March 31, 2009**  
(thousands of dollars)

Schedule 2(a) continued

|   | 2009 |             |                     |                         |           |               |                  | 2008      |           |
|---|------|-------------|---------------------|-------------------------|-----------|---------------|------------------|-----------|-----------|
|   | FTE  | Base Salary | Other Cash Benefits | Other Non-Cash Benefits | Sub Total | Reversion FTE | Reversion Amount | Total FTE | Total     |
|   | (1)  | (2)         | (3)                 | (4) (5)                 | (6)       | (7)           | (8)              | (9)       | (10)      |
| <b>Board Direct Reports (6):</b>                  |      |             |                     |                         |           |               |                  |           |           |
| President / Chief Executive Officer - AHS (9)     | 0.02 | -           | -                   | -                       | -         | -             | -                | -         | -         |
| Interim Chief Executive Officer - AHS (9)         | 0.08 | -           | -                   | -                       | -         | -             | -                | -         | -         |
| President / Chief Executive Officer (Fallier) (9) | 0.27 | 78          | 7                   | 247                     | 332       | 1.0           | 699              | 1,281     | 454       |
| <b>CEO Direct Reports (10):</b>                   |      |             |                     |                         |           |               |                  |           |           |
| Senior Vice President - Health Services           | 1.00 | 190         | 34                  | 78                      | 302       | -             | -                | 302       | 270       |
| Vice President - Community Health                 | 1.00 | 160         | 4                   | 46                      | 210       | -             | -                | 210       | 178       |
| Vice President - Planning & Corporate Services    | 1.00 | 160         | -                   | 39                      | 199       | 1.0           | 337              | 538       | 178       |
| Chief Financial Officer                           | 1.00 | 187         | 17                  | 4                       | 208       | -             | -                | 208       | 179       |
| Vice President - Medical Services                 | 1.00 | 259         | -                   | -                       | 259       | -             | -                | 259       | 393       |
| <b>Other Employees:</b>                           |      |             |                     |                         |           |               |                  |           |           |
| Other Management reporting to CEO Direct Reports  | 20   | 3,150       | -                   | 347                     | 3,497     | -             | -                | 3,497     | 3,673     |
| Other Management Reporting Nurses                 | 36   | 3,453       | -                   | 633                     | 4,086     | -             | -                | 4,086     | 4,186     |
| RNs, RPNs, Grad Nurses                            | 439  | 37,533      | -                   | 6,577                   | 44,110    | -             | -                | 44,110    | 43,094    |
| LPNs  | 129  | 7,227       | -                   | 1,255                   | 8,482     | -             | -                | 8,482     | 7,802     |
| Other Health Technical & Professional             | 311  | 22,657      | -                   | 3,994                   | 26,651    | -             | -                | 26,651    | 24,433    |
| Urgent Care Health Service Providers              | 148  | 5,845       | -                   | 1,015                   | 6,860     | -             | -                | 6,860     | 6,060     |
| Other Staff                                       | 604  | 28,320      | -                   | 4,914                   | 33,234    | -             | -                | 33,234    | 30,952    |
|   | 1731 | \$109,219   | \$91                | \$19,196                | \$128,506 | 2             | \$1,036          | \$129,542 | \$121,983 |

The accompanying notes (1) to (10) are part of this Schedule

**FALLISER HEALTH REGION**  
**SCHEDULE OF SALARIES AND BENEFITS - NOTES**  
**Year Ended March 31, 2009**  
(thousands of dollars)

Schedule 2(b)

- (1) Full time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full time employee. Total actual discrete number of individuals employed: 3,113 (2008 - 3,031). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base Salary includes possible base pay.
- (3) Other cash benefits include insurance (for Board members), fixed vehicle allowances and vacation liability increases (for senior positions).
- (4) Other non-cash benefits include:  
a. Employer's current and prior service cost of supplementary retirement plans (see note 6 below).  
b. Share of all employee benefits and contributions made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and death benefit insurance, long and short term disability plans, professional membership and tuition.
- (5) Structure includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (6) Supplemental Retirement Plan (SRP):  
Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. SRP costs detailed below are not cash payments during the year, but are the period expense for a given future compensation. SRP costs reflect the actuarially estimated cost to provide pension income over the post-employment period. The SRP provides future pension benefits to participants based on years of service and earnings.

The annual benefit for each executive is as follows:

|  | Current Service Costs | Prior Service & Other costs | 2009 Total | 2008 Total |
|--|-----------------------|-----------------------------|------------|------------|
| President / Chief Executive Officer (Fallier)  | \$10                  | \$23.5                      | \$34.5     | \$149      |
| Senior Vice President - Health Services        | 16                    | 40                          | 56         | 44         |
| Vice President - Community Health              | 8                     | 16                          | 24         | 4          |
| Vice President - Planning & Corporate Services | 8                     | 8                           | 16         | 3          |
| Other officers and non-executive positions     | 9                     | 15                          | 24         | 11         |
|  | \$51                  | \$93.4                      | \$144.4    | \$171      |

The accrued SRP obligation for each executive is as follows:

|  | Accrued Obligation Mar 31, 2008 | Change in accrued obligation | Accrued Obligation Mar 31, 2009 |
|--|---------------------------------|------------------------------|---------------------------------|
| President / Chief Executive Officer (Fallier)  | \$677                           | (\$39)                       | \$638                           |
| Senior Vice President - Health Services        | 219                             | (9)                          | 210                             |
| Vice President - Community Health              | 142                             | (2)                          | 140                             |
| Vice President - Planning & Corporate Services | 75                              | (4)                          | 71                              |
| Other officers and non-executive positions     | 111                             | (7)                          | 104                             |
|  | \$1,224                         | (\$51)                       | \$1,173                         |

The actual SRP payment is made or payable to accrued recipients upon termination as follows (in thousands of dollars):

- President / Chief Executive Officer (Fallier): Total SRP payments of \$134 for 2009 (2008 - \$0), based on payment of \$3 per month from August 2008 indefinitely (until a survivor benefit).
- Vice President - Planning & Corporate Services: Total SRP payments of \$37 for 2009 (2008 - \$0), based on a single lump sum payment of \$37, payable after March 31, 2009.

**PALLISER HEALTH REGION**  
**SCHEDULE OF SALARIES AND BENEFITS - NOTES**  
**Year Ended March 31, 2009**  
(thousands of dollars)

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**Schedule 2(b) continued**

- (7) On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services (AHS) interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of AHS board members are reported and disclosed in the financial statements of East Central Health.
- (8) Board Direct Reports reflect FTEs and costs for the entire 2009 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- (9) On July 8, 2008 the Region's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- (10) CEO Direct Reports reflect FTEs and costs for the 2009 fiscal year based on the titling and positioning that existed as at July 8, 2008.

## Calgary Health Region

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Consolidated Financial Statements

March 31, 2009

### CALGARY HEALTH REGION

### CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2009

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**CALGARY HEALTH REGION**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

**MARCH 31, 2009**

The accompanying final consolidated financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

The Region carries out its responsibility for the consolidated financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the final consolidated financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and procedures, which allow him to report on the fairness of the consolidated financial statements prepared by management.

[Original signed]

Dr. Stephen Duckett  
President and Chief Executive Officer  
- Alberta Health Services

[Original signed]

Chris Mazurkewich, CA  
Executive Vice President and Chief Financial Officer  
- Alberta Health Services

[Original signed]

Les Tochor, CA  
Senior Vice President Finance  
- Alberta Health Services

**Auditor's Report**

To the Members of the Alberta Health Services Board  
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of the Calgary Health Region (the Authority) as at March 31, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

**CALGARY HEALTH REGION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**MARCH 31, 2009**  
(thousands of dollars)

|   | 2009                | 2008<br>(Restated)<br>(Note 24) |
|---|---------------------|---------------------------------|
| <b>ASSETS</b>   |                     |                                 |
| Current:  |                     |                                 |
| Cash and cash equivalents (Note 3)  | \$ 172,832          | \$ 30,863                       |
| Accounts receivable   | 63,373              | 60,171                          |
| Contributions receivable from Alberta Health and Wellness                     | 5,843               | 49,972                          |
| Inventories   | 35,231              | 35,576                          |
| Prepaid expenses  | 11,172              | 11,557                          |
|   | <u>288,451</u>      | <u>188,139</u>                  |
| Non-current cash and investments (Note 3)                                     | 865,318             | 468,816                         |
| Capital contributions receivable  | 22,749              | 475,727                         |
| Capital assets (Note 4)   | 2,328,232           | 1,884,350                       |
| Other assets (Note 5)   | 14,800              | 29,078                          |
| <b>TOTAL ASSETS</b>   | <b>\$ 3,519,550</b> | <b>\$ 3,046,110</b>             |
| <b>LIABILITIES AND NET ASSETS</b>   |                     |                                 |
| Current:  |                     |                                 |
| Accounts payable and accrued liabilities                                      | \$ 329,670          | \$ 285,262                      |
| Accrued vacation pay  | 123,003             | 111,129                         |
| Current portion of deferred contributions (Note 6)                            | 112,359             | 95,325                          |
| Current portion of long-term debt (Note 8)                                    | 12,135              | 11,353                          |
|   | <u>579,167</u>      | <u>503,069</u>                  |
| Deferred contributions (Note 6)   | 35,592              | 35,272                          |
| Deferred capital contributions (Note 7)                                       | 773,757             | 771,392                         |
| Long-term debt (Note 8)   | 185,919             | 142,823                         |
| Long-term employee benefit liabilities (Note 9)                               | 9,391               | 8,174                           |
| Unamortized external capital contributions                                    | 1,879,405           | 1,526,513                       |
|   | <u>3,463,231</u>    | <u>2,987,243</u>                |
| Net Assets:   |                     |                                 |
| Unrestricted:   |                     |                                 |
| Accumulated deficit (Note 21)   | (218,886)           | (193,028)                       |
| Accumulated net unrealized (losses) gains on investments<br>(Note 2(a)(2)(v)) | (2,736)             | 8,166                           |
| Investment in capital assets  | 277,941             | 243,729                         |
|   | <u>56,319</u>       | <u>58,867</u>                   |
| Commitments and contingencies (Notes 9, 10 and 18)                            |                     |                                 |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                                       | <b>\$ 3,519,550</b> | <b>\$ 3,046,110</b>             |

The accompanying notes and schedules are part of these consolidated financial statements.

**CALGARY HEALTH REGION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

|   | 2009                | 2008                              |
|---|---------------------|-----------------------------------|
|   | Budget<br>(Note 11) | Actual<br>(Restated)<br>(Note 24) |
| Revenue   |                     |                                   |
| Alberta Health and Wellness contributions (Note 12) | \$ 2,609,867        | \$ 2,859,715                      |
| Other government contributions (Note 13)            | 34,605              | 54,666                            |
| Fees and charges (Note 14)                          | 177,933             | 177,592                           |
| Auxiliary operations (Note 15)                      | 39,655              | 43,637                            |
| Donations   | 6,073               | 7,880                             |
| Investment and other income (Note 16)               | 96,405              | 96,323                            |
| Amortization of external capital contributions      | 91,934              | 107,091                           |
| <b>TOTAL REVENUE</b>                                | <b>3,056,472</b>    | <b>3,346,904</b>                  |
| Expenses (Schedule 1)                               |                     |                                   |
| Inpatient acute nursing services                    | 924,104             | 906,516                           |
| Emergency and outpatient services                   | 381,365             | 397,300                           |
| Facility-based continuing care services             | 224,097             | 227,215                           |
| Community-based care                                | 186,305             | 194,617                           |
| Home care   | 118,139             | 117,260                           |
| Diagnostic and therapeutic services                 | 570,835             | 576,074                           |
| Promotion, prevention and protection services       | 75,460              | 74,484                            |
| Research and education (Note 17)                    | 49,548              | 49,371                            |
| Administration                                      | 117,379             | 102,471                           |
| Information technology                              | 115,283             | 122,066                           |
| Support services (Note 5 and Note 15)               | 471,733             | 507,877                           |
| Amortization of facilities and improvements         | 44,642              | 63,299                            |
| <b>TOTAL EXPENSES</b>                               | <b>3,278,890</b>    | <b>3,338,550</b>                  |
| <b>(Deficiency) Excess of revenue over expenses</b> | <b>\$ (222,418)</b> | <b>\$ 8,354</b>                   |

The accompanying notes and schedules are part of these consolidated financial statements.

**CALGARY HEALTH REGION**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

|   | 2009                |  |                              |           | 2008                      |
|---|---------------------|--|------------------------------|-----------|---------------------------|
|   | Accumulated deficit | Accumulated net unrealized gains (losses) on investments | Investment in capital assets | Total     | Total (Revised) (Note 24) |
| Balance at beginning of year  | \$ (193,028)        | \$ 8,166   | \$ 243,729                   | \$ 58,867 | \$ 173,064                |
| (Deficiency) Excess of revenue over expenses  | 8,354               | -  | -                            | 8,354     | (98,554)                  |
| Capital assets purchased with internal funds  | (70,584)            | -  | 70,584                       | -         | -                         |
| Amortization of internally funded capital assets                                    | 36,237              | -  | (36,237)                     | -         | -                         |
| Repayment of long-term debt used to fund capital assets                             | (8,138)             | -  | 8,138                        | -         | -                         |
| Portion of goodwill impairment funded by repayment of long-term debt                | 8,273               | -  | (8,273)                      | -         | -                         |
| Disposal of land  | -                   | -  | -                            | -         | (429)                     |
| Purchase of land  | -                   | -  | -                            | -         | 3,866                     |
| Transfer of land  | -                   | -  | -                            | -         | 29                        |
| Net unrealized losses arising during the year on investments (Note 2(a)(2)(v))      | -                   | (11,601)   | -                            | (11,601)  | (9,717)                   |
| Transfer of net realized gains (losses) on investments to revenue (Note 2(a)(2)(v)) | -                   | 699  | -                            | 699       | (9,392)                   |
| Balance at end of year  | \$ (218,886)        | \$ (2,736)   | \$ 277,941                   | \$ 56,319 | \$ 58,867                 |

The accompanying notes and schedules are part of these consolidated financial statements.

**CALGARY HEALTH REGION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

|  | 2009             |            | 2008                       |
|--|------------------|------------|----------------------------|
|  | Budget (Note 11) | Actual     | Actual (Revised) (Note 24) |
| Operating activities:  |                  |            |                            |
| (Deficiency) Excess of revenue over expenses                 | \$ (222,418)     | \$ 8,354   | \$ (98,554)                |
| Non-cash transactions:                                       |                  |            |                            |
| Amortization (Schedule 1)                                    | 131,198          | 143,380    | 115,042                    |
| Amortization of external capital contributions               | (91,987)         | (107,143)  | (86,681)                   |
| Goodwill impairment (Note 5)                                 | -                | 25,804     | -                          |
| Other  | 3,817            | 2,270      | 4,018                      |
|  | (179,390)        | 72,665     | (66,175)                   |
| Net change in non-cash working capital                       | 47,198           | 76,190     | 25,271                     |
| Cash (used by) generated from operations                     | (132,192)        | 148,855    | (40,904)                   |
| Investing activities:  |                  |            |                            |
| Purchase of capital assets:                                  |                  |            |                            |
| Internally funded - equipment                                | (120,000)        | (5,606)    | (12,343)                   |
| Internally funded - information systems                      | (100,000)        | (30,674)   | (58,240)                   |
| Internally funded - facilities and improvements              | (1,728)          | (34,304)   | (22,742)                   |
| Externally funded - equipment                                | (40,695)         | (26,280)   | (26,956)                   |
| Externally funded - information systems                      | (24,400)         | (26,895)   | (2,725)                    |
| Externally funded - facilities and improvements              | (511,065)        | (406,122)  | (338,918)                  |
| Externally funded - land                                     | -                | -          | (3,866)                    |
| Debt funded - facilities and improvements                    | (105,705)        | (56,572)   | (13,374)                   |
| Acquisition of investments                                   | (3,337)          | (29,451)   | (102,639)                  |
| Proceeds on sale of investments                              | -                | 127,687    | 210,813                    |
| Allocations to (from) current cash and investments           | 144,220          | (506,339)  | 100,367                    |
| Net change in non-cash working capital                       | -                | 27,448     | 33,135                     |
| Cash used by investing activities                            | (762,710)        | (967,108)  | (237,488)                  |
| Financing activities:  |                  |            |                            |
| Capital contributions received                               | 434,124          | 914,635    | 257,351                    |
| Principal payments on long-term debt                         | (9,412)          | (9,413)    | (8,155)                    |
| Proceeds from long-term debt                                 | 439,327          | 55,000     | 3,308                      |
| Cash generated from financing activities                     | 864,039          | 960,222    | 252,504                    |
| Net (decrease) increase in current cash and cash equivalents | \$ (30,863)      | 141,969    | (25,888)                   |
| Current cash and cash equivalents, beginning of year         |                  | 30,863     | 56,751                     |
| Current cash and cash equivalents, end of year               |                  | \$ 172,832 | \$ 30,863                  |
| Interest paid on long-term debt                              |                  | \$ 6,927   | \$ 7,287                   |

The accompanying notes and schedules are part of these consolidated financial statements.



## CALGARY HEALTH REGION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2009

#### **Note 1 Authority, Purpose and Operations**

The Calgary Regional Health Authority was established June 24, 1994 under the authority of the Alberta Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000 and subsequently adopted the name Calgary Health Region (the "Region"). The Region is exempt from payment of income tax and is a registered charity under the Income Tax Act (Canada). Effective April 1, 2009, the Region will be disestablished and all assets and liabilities will be transferred to Alberta Health Services ("AHS") (Note 22).

The Region's mandate is to deliver appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

Operations of the Region include the following:

##### **Calgary acute care facilities:**

- Alberta Children's Hospital
- Foothills Medical Centre
- Peter Lougheed Centre
- Rockyview General Hospital

##### **Calgary continuing care facilities operating as Carewest:**

- Colonel Belcher
- Dr. Vernon Fleming Centre
- George Boyack
- Glenmore Park
- Nickle House
- Royal Park
- Signal Pointe
- Sarcce

##### **Rural acute and continuing care facilities:**

- Canmore General Hospital
- Claresholm General Hospital
- Didsbury District Health Services
- High River General Hospital
- Little Bow Continuing Care Centre (in Carmangay)
- Oilfields General Hospital (in Black Diamond)
- Strathmore District Health Services
- Vulcan Community Health Centre
- Willow Creek Continuing Care Centre (in Claresholm)

##### **Psychiatric rehabilitation facility:**

- Claresholm Care Centre

##### **Urgent Care facilities:**

- Sheldon M. Chumir Health Centre
- South Calgary Health Centre

##### **Other:**

- Community health centres and public health units throughout the region.
- Mental health clinics throughout the region.
- Provincial Laboratory for Southern Alberta located at the Foothills Medical Centre.
- The Diagnostic and Scientific Centre and various patient service centres operating as Calgary Laboratory Services within Calgary.
- Numerous hemodialysis satellites sites outside the region.

#### **Note 1 Authority, Purpose and Operations (continued)**

These consolidated financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health care services in the region.

#### **Note 2 Significant Accounting Policies and Reporting Practices**

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 34 issued by Alberta Health and Wellness. Following are the significant accounting policies:

##### **(a) Basis of Presentation**

- (1) The financial statements have been prepared on a consolidated basis, except that controlled foundations are not consolidated (Note 19(d)(i)).

Included in these consolidated financial statements are the following wholly owned subsidiaries:

- (i) Carewest - The Region contracts with Carewest to provide health services in the region.
- (ii) Calgary Laboratory Services Ltd. ("CLS") - The Region contracts with CLS to provide health services in the region.
- (iii) 1115399 Alberta Inc. which operates as Chemical Exposure Support Services.

The transactions between the Region and these subsidiaries have been eliminated on consolidation.

The Region uses the proportionate consolidation method to account for its 50% interest in each of the following Primary Care Networks:

Bow Valley Primary Care Network  
Calgary Foothills Primary Care Network  
Calgary Rural Primary Care Network  
Calgary West Central Primary Care Network  
Highland Primary Care Network  
Mosaic Primary Care Network  
South Calgary Primary Care Network

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

(2) These consolidated financial statements were prepared using the deferral method of accounting for contributions; the key elements of our revenue recognition policies are:

- (i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.
- (ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year the related expenses are incurred.
- (iii) Externally restricted capital contributions are recorded as deferred capital contributions until expended on capital assets. Amounts expended, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the year the related amortization expense of the funded capital asset is recorded.
- (iv) Externally restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.
- (v) Investment income comprises interest from cash balances, money market and fixed income investments, dividends from equities, and realized gains or losses on the sale of investments. Investment income is calculated on an accrual basis. Interest on fixed income investments is calculated over the term of the investment using the effective interest rate method. Unrealized gains and losses on investments classified as available for sale are included directly in net assets, until the investments are sold.
  - Unrestricted investment income is recognized in the year earned.
  - Investment income subject to external restrictions is deferred and recognized as revenue in the year the related expenses are incurred.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

**(b) Capital Disclosure**

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Region defines capital as including deferred capital contributions, long term debt, unamortized external capital contributions, and investment in capital assets.

The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services; and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since Alberta Health and Wellness does not fund ancillary operations.

The Region complied with all debt covenants during the year and at the end of the year.

When a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 21).

**(c) Full Cost**

The Region records the full cost of services for which it is responsible. Full cost transactions comprise the following:

- (1) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges. An equivalent amount is recorded as program expenses as this revenue funds part of the cost of the Region's programs.
- (2) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the Region's programs.
- (3) The estimated cost for use of acute care facilities not owned by the Region is recorded as revenue from other government contributions and as program expenses, since the Region's contract payments do not include an amount for the use of these facilities.
- (4) The estimated cost for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expenses.
- (5) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because fair value cannot be reasonably determined.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(d) Financial Instruments**

The Region's financial instruments were classified as follows:

| <u>Financial Assets and Liabilities</u>                                | <u>Classification</u>       |
|--|-----------------------------|
| Cash and cash equivalents  | Held for trading            |
| Investments  | Available for sale          |
| Accounts receivable, contributions receivable, and mortgage receivable | Loans and receivables       |
| Accounts payable   | Other financial liabilities |
| Long-term debt   | Other financial liabilities |

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest rate method. The Region does not use hedge accounting and accordingly is not impacted by the requirements of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The carrying values of current cash, cash equivalents, accounts receivable, contributions receivable from Alberta Health and Wellness, capital contributions receivable, and accounts payable approximate their fair value because of the short-term maturity of these items. It is management's opinion that the Region is not exposed to significant interest rate, currency, credit or market risks arising from these financial instruments.

Further disclosure on financial instruments is provided in Note 2(e) Investments, Note 3 Cash, Cash Equivalents and Investments, and Note 8 Long-term debt.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(e) Investments**

Investments are classified as available for sale and are recorded at fair value as it is not management's primary objective to generate trading profits from short-term fluctuations in price nor to hold investments to maturity. Fair values are determined by reference to published price quotations in an active market at year-end.

Transaction costs associated with the acquisition and disposal of investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal. Investment management fees are expensed as incurred. The purchase and sale of investments are accounted for using trade-date accounting.

**(f) Employee Future Benefits**

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting has been applied because the Region has insufficient information to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plans.

The Region provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives of the Region. The cost of these benefits is actuarially determined on an annual basis as at March 31 using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past services costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. This plan is unfunded but is secured by a letter of credit (Note 9(a)).

The Region also provides defined contribution pension plans for two employee groups.

**(g) Inventories**

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are valued at the lower of cost (defined as moving average) and current replacement value.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(h) Capital Assets**

Capital assets and work in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

|                                    |               |
|------------------------------------|---------------|
| Facilities and improvements        | 10 - 40 years |
| Equipment                          | 3 - 20 years  |
| Information systems                | 3 - 7 years   |
| Leased facilities and improvements | term of lease |
| Building service equipment         | 5 - 40 years  |
| Land improvements                  | 5 - 40 years  |

Work in progress includes infrastructure and information systems projects. Actual interest incurred on debt funded projects is capitalized. Work in progress is not amortized until the project is complete.

Land and facilities transferred from Alberta Infrastructure are reported at the net book value recorded by Alberta Infrastructure at the time of the transfer.

Leases transferring substantially all of the benefits and risks of ownership of capital assets are reported as acquisitions of capital assets funded by long-term obligations.

**(i) Goodwill and Intangible Assets**

Goodwill represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired. Goodwill is tested for impairment annually or more frequently if changes in circumstances indicate a potential impairment in the carrying value. Intangible assets with definite lives are amortized on a straight-line basis over their remaining lives.

**(j) Asset Retirement Obligations**

Asset retirement obligations are legal obligations associated with the retirement of tangible long-lived assets. Asset retirement obligations are recorded when they are incurred if a reasonable estimate of fair value can be determined. Accretion (interest) expense is the increase in the obligation due to the passage of time. The associated retirement costs are capitalized as part of the carrying amount of the asset and amortized over the asset's remaining useful life.

**(k) Measurement Uncertainty**

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on the estimated useful life of the related assets. The amounts recorded for asset retirement and employee future benefits obligations are based on estimated future cash flows. Actual results could differ from these estimates.

**Note 3 Cash, Cash Equivalents and Investments**

|                         | 2009                   |                     | 2008              |                   |
|-------------------------|------------------------|---------------------|-------------------|-------------------|
|                         | Fair Value             | Cost                | Fair Value        | Cost              |
|                         | (thousands of dollars) |                     |                   |                   |
| Cash                    | \$ 1,006,960           | \$ 1,006,960        | \$ 346,664        | \$ 346,664        |
| Money market            | -                      | -                   | 11,988            | 11,988            |
| Fixed income            | 20,631                 | 20,891              | 92,401            | 91,757            |
| Equities                | 10,559                 | 13,035              | 48,626            | 41,104            |
|                         | <u>\$ 1,038,150</u>    | <u>\$ 1,040,886</u> | <u>\$ 499,679</u> | <u>\$ 491,513</u> |
| Current                 | \$ 172,832             | \$ 172,832          | \$ 30,863         | \$ 30,863         |
| Non-current (Note 3(d)) | 865,318                | 868,054             | 468,816           | 460,650           |
|                         | <u>\$ 1,038,150</u>    | <u>\$ 1,040,886</u> | <u>\$ 499,679</u> | <u>\$ 491,513</u> |

In order to earn optimal financial returns at an acceptable level of risk, the Region's investment bylaw and policy establish benchmark and maximum asset mix ranges for fixed income investments and equities. The portfolio is rebalanced to the asset mix on a quarterly basis.

**a) Interest Rate Risk**

The Region manages the interest rate risk exposure of its fixed income investments by management of average duration and laddered maturity dates.

Fixed income investments have an effective yield of 4.30% per annum, an average duration of 6.5 years and the following maturity dates as at March 31, 2009:

|               |     |
|---------------|-----|
| 1 - 5 years   | 42% |
| 6 - 10 years  | 35% |
| Over 10 years | 23% |

Investments in equity securities are not exposed to significant interest rate risk.

**b) Currency Risk**

The Region is exposed to foreign exchange fluctuations on its investments denominated in foreign currencies. However, this risk is mitigated by the fact that the Region's investment bylaw limits non-Canadian equities to 50% of total equities.

**c) Credit and Market Risks**

The Region's investment bylaw restricts the types and proportions of eligible investments. Money market investments are limited to a rating of R1 or A1 or higher and no more than 10% may be invested in any one issuer. Investments in corporate bonds are limited to BBB rated bonds or higher and to no more than 40% of the total fixed income investments. No more than 10% may be invested in BBB rated bonds. Equities are comprised of publicly traded securities in major stock markets. Investments in debt and equity of any one issuer are limited to 5% of the issuer's total debt and equity. Short selling is not permitted.

**Note 3 Cash, Cash Equivalents and Investments (continued)**

d) Non-current cash and investments represent the following:

|   | 2009                   | 2008                   |
|---|------------------------|------------------------|
|   | (thousands of dollars) | (thousands of dollars) |
| Deferred capital contributions (Note 7)                                 | \$ 773,757             | \$ 771,392             |
| Capital contributions receivable from Alberta Health and Wellness       | (22,749)               | (475,727)              |
| Capital accounts payable and accrued liabilities                        | 84,553                 | 63,119                 |
| Externally restricted for long-term care partnership projects (Note 18) | 29,757                 | 34,017                 |
| Other restricted contributions invested in bonds and equities           | -                      | 76,015                 |
|   | <u>\$ 865,318</u>      | <u>\$ 468,816</u>      |

**Note 4 Capital Assets**

|                                    | 2009                   | 2008                 |
|------------------------------------|------------------------|----------------------|
|                                    | Net Book Value         | Net Book Value       |
|                                    | (thousands of dollars) | (Restated) (Note 24) |
| Facilities and improvements        | \$ 932,840             | \$ 765,235           |
| Work in progress                   | 940,754                | 658,839              |
| Equipment                          | 150,625                | 162,355              |
| Information systems                | 115,974                | 119,989              |
| Leased facilities and improvements | 95,975                 | 83,932               |
| Land <sup>(a)</sup>                | 52,917                 | 52,624               |
| Building service equipment         | 35,762                 | 37,641               |
| Land improvements                  | 3,385                  | 3,735                |
|                                    | <u>\$ 2,328,232</u>    | <u>\$ 1,884,350</u>  |

|                                    | Balance April 1, 2008 | Transactions | Additions              | Disposals          | Balance March 31, 2009 |
|------------------------------------|-----------------------|--------------|------------------------|--------------------|------------------------|
|                                    |                       |              | (thousands of dollars) |                    |                        |
| Facilities and improvements        | \$ 1,232,528          | \$ 219,962   | \$ -                   | \$ (28,000)        | \$ 1,424,490           |
| Work in progress                   | 658,839               | (272,652)    | 354,987                | -                  | 940,754                |
| Equipment                          | 415,893               | (2,717)      | 32,623                 | (41,380)           | 404,419                |
| Information systems                | 217,227               | 29,526       | -                      | (5,146)            | 242,007                |
| Leased facilities and improvements | 111,345               | 23,400       | -                      | (2,391)            | 132,254                |
| Land <sup>(a)</sup>                | 52,624                | 283          | -                      | -                  | 52,917                 |
| Building service equipment         | 64,710                | 1,762        | -                      | (3,762)            | 62,710                 |
| Land improvements                  | 8,739                 | 26           | -                      | (1,277)            | 7,508                  |
|                                    | <u>\$ 2,761,835</u>   | <u>\$ -</u>  | <u>\$ 587,190</u>      | <u>\$ (81,956)</u> | <u>\$ 3,267,059</u>    |

|                                    | Balance April 1, 2008 | Amortization           | Disposals          | Balance March 31, 2009 |
|------------------------------------|-----------------------|------------------------|--------------------|------------------------|
|                                    |                       | (thousands of dollars) |                    |                        |
| Facilities and improvements        | \$ 467,293            | \$ 45,692              | \$ (21,335)        | \$ 491,650             |
| Equipment                          | 253,538               | 39,629                 | (39,373)           | 253,794                |
| Information systems                | 97,238                | 33,531                 | (4,736)            | 126,033                |
| Leased facilities and improvements | 27,313                | 11,348                 | (2,382)            | 36,279                 |
| Building service equipment         | 27,069                | 3,245                  | (3,366)            | 26,948                 |
| Land improvements                  | 5,024                 | 328                    | (1,229)            | 4,123                  |
|                                    | <u>\$ 877,475</u>     | <u>\$ 133,773</u>      | <u>\$ (72,421)</u> | <u>\$ 938,827</u>      |

**Note 4 Capital Assets (continued)**

**(a) Land**

Land at the following sites has been provided to the Region at nominal values:

| Site                             | Provided by              | Lease Expiry      |
|----------------------------------|--------------------------|-------------------|
| Alberta Children's Hospital      | University of Calgary    | December 21, 2101 |
| Foothills Medical Centre parkade | University of Calgary    | July 30, 2054     |
| Banff Health Unit                | Mineral Springs Hospital | January 30, 2028  |

**(b) Asset Retirement Obligations**

The Region has recorded a liability for an asset retirement obligation of \$2,409,026 (2008 - \$4,118,000) (Note 8). The asset retirement obligation represents the legal obligations associated with the removal of asbestos during planned renovations at the Foothills Medical Centre. The Region has also identified other asset retirement obligations for which the fair value cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligation for these assets will be recorded in the period in which there is sufficient information to estimate fair value.

**(c) Funding**

Capital assets have been funded from the following sources:

|  | 2009                   | 2008                |
|--|------------------------|---------------------|
|  | (thousands of dollars) |                     |
| Externally funded (unamortized external capital contributions) | \$ 1,879,405           | \$ 1,526,513        |
| Internally funded (investment in capital assets)               | 278,012                | 238,540             |
| Funded by debt   | 170,815                | 119,297             |
|  | <u>\$ 2,328,232</u>    | <u>\$ 1,884,350</u> |

**Note 5 Other Assets**

|  | 2009                   | 2008             |
|--|------------------------|------------------|
|  | (thousands of dollars) |                  |
| Grants receivable from East Central Health (Note 23)   | \$ 11,742              | \$ -             |
| Goodwill   | -                      | 25,804           |
| Intangible asset - premise leases<br>(net of accumulated amortization of \$213 (2008 - \$142)) | 230                    | 301              |
| Forgivable mortgage receivable - non-current portion   | 2,828                  | 2,973            |
|  | <u>\$ 14,800</u>       | <u>\$ 29,078</u> |

As at March 31, 2009, the Region recorded goodwill impairment of \$25,804,000 within Support Services on the Consolidated Statement of Operations related to the purchase of CLS in 2006. This impairment is due to the announcement during the year of a new and fully integrated provincial health service delivery model, Alberta Health Services effective April 1, 2009. Prior to this announcement, CLS and its management provided almost all of the clinical laboratory services required by the Calgary Health Region. Effective April 1, 2009 CLS and its management join the clinical laboratory service providers of the other entities within AHS to become one fully integrated provincial clinical laboratory.

**Note 6 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

|   | 2009                   | 2008              |
|---|------------------------|-------------------|
|   | (thousands of dollars) |                   |
| Current:                                      |                        |                   |
| Inpatient acute nursing services              | \$ 25,165              | \$ 21,136         |
| Emergency and outpatient services             | 13,493                 | 19,931            |
| Continuing care services                      | 8,505                  | 11,628            |
| Community-based care                          | 9,907                  | 16,159            |
| Diagnostic and therapeutic services           | 7,425                  | 7,555             |
| Promotion, prevention and protection services | 6,007                  | 5,978             |
| Research and education                        | 8,206                  | 6,345             |
| Information technology                        | 396                    | 1,291             |
| Support services                              | 31,873                 | 4,154             |
| Other   | 1,382                  | 1,148             |
|   | <u>112,359</u>         | <u>95,325</u>     |
| Non-current:                                  |                        |                   |
| Alzheimer/dementia facility                   | 2,828                  | 2,973             |
| Long-term care partnership projects (Note 18) | 32,764                 | 32,299            |
|   | <u>35,592</u>          | <u>35,272</u>     |
|   | <u>\$ 147,951</u>      | <u>\$ 130,597</u> |



**Note 7 Deferred Capital Contributions**

Balance at the end of the year is restricted for the following purposes:

|                             | 2009                   | 2008                    |
|-----------------------------|------------------------|-------------------------|
|                             | (thousands of dollars) | (Restated)<br>(Note 24) |
| Facilities and improvements | \$ 657,259             | \$ 642,170              |
| Information systems         | 102,313                | 114,292                 |
| Equipment                   | 14,185                 | 14,930                  |
|                             | <u>\$ 773,757</u>      | <u>\$ 771,392</u>       |

**Note 8 Long-term Debt**

|   | 2009                   |                  | 2008             |                  |
|---|------------------------|------------------|------------------|------------------|
|   | Fair Value             | Cost             | Fair Value       | Cost             |
|   | (thousands of dollars) |                  |                  |                  |
| Debentures payable: <sup>(a)</sup>                      |                        |                  |                  |                  |
| Parkade loan #1   | \$51,366               | \$ 50,722        | \$ 53,601        | \$ 52,614        |
| Parkade loan #2   | 45,943                 | 45,664           | 47,937           | 47,238           |
| Parkade loan #3   | 57,375                 | 55,000           | -                | -                |
| Calgary Laboratory Services purchase                    | 30,522                 | 28,535           | 35,865           | 34,109           |
|   | <u>\$185,206</u>       | <u>179,921</u>   | <u>\$137,403</u> | <u>133,961</u>   |
| Obligation under capital lease: Building <sup>(a)</sup> | <u>\$18,974</u>        | <u>15,724</u>    | <u>\$19,754</u>  | <u>16,097</u>    |
| Asset retirement obligation (Note 4(b))                 |                        | <u>2,409</u>     |                  | <u>4,118</u>     |
|   |                        | <u>\$198,054</u> |                  | <u>\$154,176</u> |
| Current   | \$ 12,135              |                  | \$ 11,353        |                  |
| Non-current   | 185,919                |                  | 142,823          |                  |
|   | <u>\$198,054</u>       |                  | <u>\$154,176</u> |                  |

- (a) The Region issued debentures to Alberta Capital Financing Authority (a Province of Alberta related party) to finance the construction of parkades and the purchase of the remaining 50.01% ownership interest in CLS. The Region has pledged as security for these debentures revenues derived directly or indirectly from the operations of all parking facilities being built, renovated, owned and operated by the Region.

Parkade loan #1 financed parkades at Foothills Medical Centre and Alberta Children's Hospital.

Parkade loan #2 financed parkades at Rockyview General Hospital, Peter Lougheed Centre and Sheldon M. Chumir Centre.

Parkade loan #3 financed parkades at South Health Campus and Foothills Medical Centre.

**Note 8 Long-term Debt (continued)**

- (b) The Region leases a building from the University of Calgary.

- (c) The maturity dates and interest rates are:

|                                      | Maturity Date  | Interest Rate |         |
|--------------------------------------|----------------|---------------|---------|
|                                      |                | Original      | Market  |
| Debentures payable:                  |                |               |         |
| Parkade loan #1                      | September 2026 | 4.4025%       | 4.2625% |
| Parkade loan #2                      | September 2027 | 4.3870%       | 4.3339% |
| Parkade loan #3                      | March 2029     | 4.9150%       | 4.4410% |
| Calgary Laboratory Services purchase | May 2013       | 4.6810%       | 2.2683% |
| Obligation under capital lease       | January 2028   | 6.5000%       | 4.4082% |

- (d) The Region is committed to making payments as follows:

| Year ending March 31 | Debentures Principal Payments | Capital Lease Minimum Lease Payments |
|----------------------|-------------------------------|--------------------------------------|
|                      | (thousands of dollars)        |                                      |
| 2010                 | \$ 11,125                     | \$ 1,383                             |
| 2011                 | 11,645                        | 1,383                                |
| 2012                 | 12,190                        | 1,383                                |
| 2013                 | 12,760                        | 1,395                                |
| 2014                 | 9,804                         | 1,453                                |
| Thereafter           | 122,397                       | 21,204                               |
|                      | <u>\$ 179,921</u>             | <u>28,201</u>                        |
| Less: interest       |                               | <u>(12,477)</u>                      |
|                      |                               | <u>\$ 15,724</u>                     |

**Note 9 Long-term Employee Benefit Liabilities**

**(a) Supplemental Executive Retirement Plan**

|  | 2009                   | 2008      |
|--|------------------------|-----------|
|  | (thousands of dollars) |           |
| Net accrued benefit obligation, beginning of year    | \$ 12,905              | \$ 11,397 |
| Current service cost                                 | 1,278                  | 1,591     |
| Interest cost  | 768                    | 694       |
| Actuarial (gain) loss                                | (1,330)                | 88        |
| Benefit payments                                     | (1,879)                | (865)     |
| Net accrued benefit obligation, end of year          | \$ 11,742              | \$ 12,905 |
| Net accrued benefit obligation                       | \$ 11,742              | \$ 12,905 |
| Unrecognized actuarial loss                          | (1,943)                | (4,125)   |
| Unrecognized prior service costs                     | (408)                  | (606)     |
| Reported liability                                   | \$ 9,391               | \$ 8,174  |
| Current service cost                                 | \$ 1,278               | \$ 1,591  |
| Interest cost  | 768                    | 694       |
| Prior service cost amortization                      | 198                    | 175       |
| Actuarial loss amortization                          | 832                    | 479       |
| Net benefit cost                                     | \$ 3,096               | \$ 2,939  |
| Assumptions:   |                        |           |
| Discount rate for accrued benefit obligation         | 6.2%                   | 5.2%      |
| Discount rate for benefit cost                       | 5.2%                   | 5.2%      |
| Expected average remaining service life of employees | 9 years                | 9 years   |
| Salary increase                                      | 4%                     | 4%        |
| Date of actuarial valuation - March 31, 2009         |                        |           |

The value of the accrued benefit obligation under the Plan is fully secured by a combination of contingent assets in the form of a letter of credit held by the trustee plus the balance in the refundable tax account held by the Canada Revenue Agency. The letter of credit is payable to the trustee only if a designated event as defined by the Plan occurs. A designated event includes, for example, the Region becoming insolvent or bankrupt and failing to meet certain Plan conditions.

The amount of the letter of credit has been calculated assuming the Plan has been terminated within the period April 1 to March 31 and all benefits settled in lump sum payments. The lump sum payment for each member is sufficient to purchase an annuity using the Plan's prescribed assumptions and to pay the member's income tax on the lump sum and interest thereon to the date of pension commencement. The required face amount for the letter of credit according to the trust agreement is 110% of the actuarial present value for each member plus 110% of a reasonable estimate of expenses less the assets in the refundable tax account. The face amount of the letter of credit is \$21,479,000 (\$18,430,000 for April 1, 2007 to March 31, 2008).

**Note 9 Long-term Employee Benefit Liabilities (continued)**

- (b) The Region participates in the Local Authorities Pension Plan (LAPP), which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to the Region's contributions to the plan during the year as determined by LAPP to provide for future benefits payable. Since January 1, 2009, the contribution rates for the employer were 8.46% for earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 11.66% for earnings above YMPE to the maximum allowed. The LAPP Board of Trustees conducts a full review of the plan's performance each year. If the performance deviates from the Board's economic and demographic assumptions, contribution rate changes may be necessary.

At December 31, 2008, LAPP reported a deficiency of \$4,413,971,000 (2007 - deficiency of \$1,183,334,000). The Region has insufficient information to determine its share of this deficit. Therefore, no obligation has been recorded.

**(c) Pension expense**

|  | 2009                   | 2008      |
|--|------------------------|-----------|
|  | (thousands of dollars) |           |
| Local Authorities Pension Plan         | \$ 81,098              | \$ 68,439 |
| Defined contribution pension plans     | 9,642                  | 8,821     |
| Supplemental Executive Retirement Plan | 3,096                  | 2,939     |
|  | \$ 93,836              | \$ 80,199 |

**Note 10 Commitments and Contingencies**

**(a) Leases**

The Region is contractually committed to future operating lease payments until 2025 as follows:

| Year ending March 31 | (thousands of dollars) |
|----------------------|------------------------|
| 2010                 | \$ 18,396              |
| 2011                 | 18,090                 |
| 2012                 | 17,885                 |
| 2013                 | 17,483                 |
| 2014                 | 16,854                 |
| Thereafter           | 71,105                 |
|                      | \$ 159,813             |

**Note 10 Commitments and Contingencies (continued)****(b) Capital Assets**

The Region has the following outstanding contractual commitments for capital assets:

|                             | 2009                   |
|-----------------------------|------------------------|
|                             | (thousands of dollars) |
| Facilities and improvements | \$ 1,375,052           |
| Information systems         | 23,642                 |
| Equipment                   | 4,348                  |
|                             | <u>\$ 1,403,042</u>    |

**(c) Contracted Health Service Operators**

The Region contracts on an ongoing basis with voluntary and private health service operators to provide health services in the Region. The Region has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.

**(d) Legal**

The Authority has been named as a defendant in a legal action in respect of increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied, which came into effect August 1, 2003. The outcome of the claim is not determinable.

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to pending litigation, the Region believes there will be no material adverse effect on the financial position of the Region.

**Note 11 Budget**

A preliminary business plan with a budgeted deficit of \$222.4 million was submitted to the Minister of Health and Wellness in early fiscal 2008-2009. Subsequent to the submission several revisions were submitted to the new AHS executive reflecting reclassifications between revenue and expense categories. The reported budget reflects the original \$222.4 million deficit and the classifications used for reporting and internal accountability.

Over the course of the fiscal year, the Minister provided additional funding for \$186,082,000. The Board has allocated these additional resources to address the expectations of the funding.

**Note 12 Alberta Health and Wellness Contributions**

|  | 2009                   | 2008                |
|--|------------------------|---------------------|
|  | (thousands of dollars) |                     |
| Unrestricted contributions                     | \$ 2,568,906           | \$ 2,207,907        |
| Restricted contributions recognized as revenue | <u>290,809</u>         | <u>213,245</u>      |
|  | <u>\$ 2,859,715</u>    | <u>\$ 2,421,152</u> |

**Note 13 Other Government Contributions**

|  | 2009                   | 2008             |
|--|------------------------|------------------|
|  | (thousands of dollars) |                  |
| Alberta Government   |                        |                  |
| Alberta Infrastructure   | \$ 11,276              | \$ 8,300         |
| Other  | 18,911                 | 17,704           |
| Transition grant from East Central Health                          | 20,615                 | -                |
| Full cost adjustments:   |                        |                  |
| Fair value for use of non-owned acute care facilities (Note 19(e)) | 655                    | 649              |
| Fair value for use of non-owned non-acute care facilities          | 493                    | 2,610            |
| Unrestricted contributions   |                        |                  |
| Alberta government   | 239                    | 307              |
| Other government   | <u>2,477</u>           | <u>2,061</u>     |
|  | <u>\$ 54,666</u>       | <u>\$ 31,631</u> |

**Note 14 Fees and Charges**

|  | 2009                   | 2008              |
|--|------------------------|-------------------|
|  | (thousands of dollars) |                   |
| Acute care – inpatient                   | \$ 57,795              | \$ 52,956         |
| Acute care – outpatient                  | 25,165                 | 19,135            |
| Continuing care                          | 21,238                 | 19,812            |
| Other                                    | 7,430                  | 6,354             |
| Fees and charges – contracted operators: |                        |                   |
| Continuing care                          | 60,899                 | 57,890            |
| Other                                    | <u>5,065</u>           | <u>4,170</u>      |
|  | <u>\$ 177,592</u>      | <u>\$ 160,517</u> |

**Note 15 Ancillary Operations**

|   | 2009<br>(thousands of dollars) |                  |                      |                                     | 2008             |                                 |
|---|--------------------------------|------------------|----------------------|-------------------------------------|------------------|---------------------------------|
|   | Revenue                        | Direct Expenses  | Amortization Expense | Deficiency of Revenue over Expenses | Revenue          | Excess of Revenue over Expenses |
| Parking operations  | \$ 21,790                      | \$ 13,200        | \$ 4,550             | \$ 2,040                            | \$ 19,950        | \$ 3,672                        |
| Non-patient food services                                       | 11,772                         | 11,192           | 25                   | 555                                 | 11,335           | 522                             |
| Sales of goods and services                                     | 8,203                          | 7,783            | 2                    | 418                                 | 5,785            | 496                             |
| Rental operations   | 1,872                          | 543              | -                    | 1,329                               | 1,824            | 1,287                           |
| Administrative support to Calgary Health Trust (Note 19 (f)(i)) | -                              | 4,492            | -                    | (4,492)                             | -                | (4,748)                         |
|   | <u>\$ 43,637</u>               | <u>\$ 39,210</u> | <u>\$ 4,577</u>      | <u>\$ (150)</u>                     | <u>\$ 38,914</u> | <u>\$ 1,229</u>                 |

These expenses are included in Support Services on the Consolidated Statement of Operations.

**Note 16 Investment and Other Income**

|  | 2009<br>(thousands of dollars) | 2008              |
|--|--------------------------------|-------------------|
| Recoveries of services, drugs and materials  | \$ 75,635                      | \$ 70,669         |
| Investment income                            | 4,957                          | 21,301            |
| Workers' Compensation Board special dividend | 4,905                          | 5,908             |
| Other  | 10,826                         | 11,992            |
|  | <u>\$ 96,323</u>               | <u>\$ 109,870</u> |

Investment income consists of interest income, gains/losses on disposal of investment, and foreign exchange gains/losses.

**Note 17 Research and Education**

Research and education expenses were funded from the following sources:

|  | 2009<br>(thousands of dollars) | 2008             |
|--|--------------------------------|------------------|
| Alberta Health and Wellness contributions: |                                |                  |
| Restricted                                 | \$ 36,869                      | \$ 32,368        |
| Unrestricted                               | 8,003                          | 6,733            |
| Other government contributions             | 322                            | 69               |
| Donations                                  | 1,512                          | 1,157            |
| Investment and other income                | 2,665                          | 2,342            |
|  | <u>\$ 49,371</u>               | <u>\$ 42,669</u> |

**Note 18 Long-term Care Partnership Projects**

The Alberta Government has supported long-term care partnership projects by providing one-time, up-front funding to enable the Region to make annual supplementary payments to the partners over the term of the partnership contracts. Amounts invested under the terms of long-term care partnership agreements will be utilized to fund future payments to operators over the next 24 years. These payments have a net present value of \$28,456,584 at March 31, 2009 (2008 - \$29,953,449) discounted at 2.5% (2008 - 2.9%). The investments have a market value at March 31, 2009 of \$31,189,269 (2008 - \$36,201,000) of which \$29,757,500 is classified as long-term. The Region is subject to risk in that the invested amounts may not earn a rate of return adequate to meet the payments as they become due.

|                                     | 2009<br>(thousands of dollars) | 2008             |
|-------------------------------------|--------------------------------|------------------|
| Included in deferred contributions: |                                |                  |
| Current portion                     | \$ 2,195                       | \$ 2,184         |
| Non-current portion                 | 32,764                         | 32,299           |
|                                     | <u>\$ 34,959</u>               | <u>\$ 34,483</u> |

**Note 19 Related Parties**

(a) Province of Alberta

The Minister of Health and Wellness appoints the board members of Alberta Health Services. The Region is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Region and the Ministry are disclosed in the Consolidated Statement of Financial Position, the Consolidated Statement of Operations, and the Notes to the Consolidated Financial Statements.

(b) Health Authorities and Boards

The Region shares a common relationship with other health authorities and boards through its relationship with the Province of Alberta. The Region had the following transactions with other health authorities and boards recorded on the Consolidated Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

**Note 19 Related Parties (continued)**

|            | 2009     | 2008    |
|------------|----------|---------|
| Receivable | \$32,367 | \$6,647 |
| Payable    | 1,359    | 1,719   |
| Revenue    | 64,408   | 36,802  |
| Expense    | 10,189   | 11,211  |

**(c) Primary Care Networks**

The Region's share of the Primary Care Networks' contributions from Alberta Health and Wellness, including amounts received less amounts recognized as revenue in the year, are as follows:

|  | 2009                   | 2008                   |
|--|------------------------|------------------------|
|  | (thousands of dollars) | (thousands of dollars) |
| Deferred contributions, beginning of year      | \$ 9,244               | \$ 11,162              |
| Contributions from Alberta Health and Wellness | 16,986                 | 10,385                 |
| Amounts recognized as revenue                  | (19,012)               | (12,303)               |
| Deferred contributions, end of year            | \$ 7,218               | \$ 9,244               |

**(d) Foundations**

**(i) Calgary Health Trust**

The Calgary Health Trust is considered a controlled foundation as the Region appoints the majority of the voting members of the Foundation's Board of Directors. The purpose of the Trust is to benefit the Region, each facility within the Region and individual health programs and services operated by the Region, and to hold funds for its own account and, without restriction, to manage endowment funds received from any source. The Trust is a registered charity under the Income Tax Act (Canada). The Calgary Health Trust is not consolidated in these financial statements.

**Note 19 Related Parties (continued)**

The Region, the Trust, and the University of Calgary (the "University") are collaborating in a joint fundraising initiative branded "Reach!". The purpose of Reach! is to employ the expertise of the participants to create specific donor opportunities and raise philanthropic capital to achieve new world standards of health care. Under the initiative, the Trust receives donations and makes grants to the Region, the University and other health-related organizations as requested by the donors.

The following aggregated financial information of the Trust is presented using the same accounting policies as the Region.

|                                 | Calgary Health Trust   |            |
|---------------------------------|------------------------|------------|
|                                 | 2009                   | 2008       |
|                                 | (thousands of dollars) |            |
| Revenue                         | \$ 51,530              | \$ 34,721  |
| Expenses                        | 50,518                 | 33,726     |
| Excess of revenue over expenses | \$ 1,012               | \$ 995     |
| Total assets                    | \$ 95,675              | \$ 108,062 |
| Total liabilities               | (80,886)               | (90,239)   |
| Net assets                      | \$ 14,789              | \$ 17,823  |
| Resources held by the Trust:    |                        |            |
| Endowments                      | \$ 13,777              | \$ 16,799  |
| Unrestricted                    | 1,012                  | 1,024      |
| Deferred contributions          | 73,371                 | 76,599     |

Transactions in the normal course of operations between the Region and the Trust are as follows:

|  | 2009                   | 2008     |
|--|------------------------|----------|
|  | (thousands of dollars) |          |
| Grants and administrative support provided to the Trust for operating expenses                     | \$ 4,492               | \$ 4,748 |
| Charitable disbursements received by the Region  | 19,566                 | 11,821   |
| Accounts payable to the Region   | (43)                   | (273)    |
| Fair value for use of office space provided by the Region - not included in administrative support | 350                    | 350      |

**Note 19 Related Parties (continued)**

**(ii) Other Foundations**

The Region has economic interests in several foundations which raise funds to benefit the Region and other health related entities. The resources held by these foundations are not necessarily limited for use by the Region. These foundations are not consolidated in these financial statements. The foundations are registered charities under the Income Tax Act (Canada). The foundations are:

Alberta Children's Hospital Foundation  
 Canmore and Area Health Care Foundation  
 Claresholm and District Health Foundation  
 High River District Health Care Foundation  
 Oilfields/Okotoks Health Foundation  
 Rosebud Health Foundation  
 Strathmore District Health Foundation

**(e) Contracted Health Service Operators**

The Region has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

|                                    | Direct<br>Regional<br>Funding | Fees<br>and<br>Charges<br>and Other<br>Income | Full<br>Cost<br>Adjustments | Total             |
|------------------------------------|-------------------------------|---|-----------------------------|-------------------|
|                                    | (thousands of dollars)        |   |                             |                   |
| <b>2009</b>                        |                               |   |                             |                   |
| Voluntary health service providers | \$ 91,214                     | \$ 23,019                                     | \$ 655                      | \$ 116,888        |
| Private health service providers   | 157,942                       | 41,266  | -                           | 199,208           |
|                                    | <u>\$ 249,156</u>             | <u>\$ 66,285</u>                              | <u>\$ 655</u>               | <u>\$ 316,096</u> |
| <b>2008</b>                        |                               |   |                             |                   |
| Voluntary health service providers | \$ 76,964                     | \$ 23,282                                     | \$ 649                      | \$ 100,895        |
| Private health service providers   | 142,536                       | 39,370  | -                           | 181,896           |
|                                    | <u>\$ 219,490</u>             | <u>\$ 62,652</u>                              | <u>\$ 649</u>               | <u>\$ 282,791</u> |

**Note 19 Related Parties (continued)**

**(f) University of Calgary**

The University is considered a related party as the Province of Alberta appoints the board members of both the Region and the University. Transactions in the normal course of operations between the Region and the University recorded at their exchange amounts are as follows:

|   | 2009                   | 2008      |
|---|------------------------|-----------|
|   | (thousands of dollars) |           |
| Amount included in expenses <sup>(i)</sup>  | \$ 40,000              | \$ 37,000 |
| Amount included in revenue <sup>(ii)</sup>  | 23,000                 | 18,000    |
| Net payable by the Region to the University | 3,000                  | 11,500    |

<sup>(i)</sup> The Region pays to the University amounts related to: physicians; research projects, studies and grants; programs; and support services.

<sup>(ii)</sup> The Region receives from the University amounts related to: utilities; salaries and benefits; and materials, supplies and overheads.

The Region leases a building from the University (Note 8(b)).

**Note 20 Trust Funds**

The Region receives funds in trust from Alberta Health and Wellness to pay other Regional Health Authorities for certain programs coordinated by the Region. The Region receives other funds in trust for research and development, education and other programs. The Region receives funding from Alberta Health and Wellness for the Primary Care Networks; the Region uses these funds to cover the Primary Care Networks' expenditures until they make their own banking arrangements. The Region also receives funds in trust from continuing care residents for personal expenses. These amounts are not reflected in these consolidated financial statements.

|  | 2009                   | 2008             |
|--|------------------------|------------------|
|  | (thousands of dollars) |                  |
| Balance of funds held by the Region:                   |                        |                  |
| Alberta Health and Wellness                            | \$ 9,643               | \$ 31,879        |
| Research and development, education and other programs | 5,585                  | 5,036            |
| Primary Care Networks                                  | 3,151                  | 3,286            |
| Continuing care residents                              | 650                    | 537              |
|  | <u>\$ 19,029</u>       | <u>\$ 40,738</u> |



**Note 21 Accumulated Deficit**

The health region has reported an accumulated deficit at March 31. Per Alberta Regulation 15/95 of the RHA Act, AHS will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

**Note 22 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission. Effective April 1, 2009, all the entities including the Region but excluding East Central Health will be disestablished and all the assets, liabilities, rights and obligations of these entities including the Region will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

**Note 23 Transition and Restructuring Costs**

As at March 31, 2009, the Region recorded transition costs and restructuring expenses in the Consolidated Statement of Operations. The expenses consist of severance and termination benefits, professional services, consulting costs and other applicable transition expenses. In the Consolidated Statement of Operations, these expenses are included in Administration, Support Services and Information Technology.

|  | Severance-<br>Related<br>Charges | Other Charges | Total     |
|--|----------------------------------|---------------|-----------|
|  | (thousands of dollars)           |               |           |
| Liability as at March 31, 2008                     | \$ -                             | \$ -          | \$ -      |
| Amounts expensed                                   | 6,619                            | 1,067         | 7,686     |
| Amounts capitalized                                | -                                | 4,258         | 4,258     |
| Payments made during the year                      | (3,827)                          | (1,067)       | (4,894)   |
| Liability as at March 31, 2009                     | \$ 2,792                         | \$ 4,258      | \$ 7,050  |
| Unfunded Supplemental<br>Executive Retirement Plan | \$ -                             | \$ 12,929     | \$ 12,929 |

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of Alberta Health Services transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described above.

The transition grant restrictions include payments for the unfunded status of the Region's Supplemental Executive Retirement Plan. The Region has recorded a non-current receivable from East Central Health for the amount of the accrued benefit obligation at the end of the year. The Region has also recorded a current receivable from East Central Health for the amount of any lump sum supplementary executive retirement plan payments during the year as part of a severance package.

**Note 24 Prior Period Adjustment**

During the year, the Region identified and corrected errors from prior years. These errors and related adjustments to previously reported balances are as follows:

- (a) Liabilities related to one capital project were not recorded at March 31, 2008.
- (b) Various capital projects were not amortized on a timely basis for the period from 2002 to 2008.
- (c) The Region reviewed the internal/external funding split in the capital assets sub-ledger and identified capital assets that were previously reported with incorrect funding sources for the period from 1999 to 2008.

|   | As<br>Originally<br>Reported<br>(Note 25) | (a)     | (b)     | (c)     | As Restated |
|---|---|---------|---------|---------|-------------|
|   | (in thousands)                            |         |         |         |             |
| For the year ended March 31, 2008             |   |         |         |         |             |
| Revenue                                       | \$2,855,095                               | \$ -    | \$ 972  | \$ 198  | \$2,856,265 |
| Expenses                                      | 2,952,641                                 | -       | 2,178   | -       | 2,954,819   |
| Deficiency of revenue over<br>expenses        | (97,546)                                  | -       | (1,206) | 198     | (98,554)    |
| As at March 31, 2008                          |   |         |         |         |             |
| Capital assets                                | 1,882,951                                 | 3,737   | (2,338) | -       | 1,884,350   |
| Accounts payable and accrued<br>liabilities   | 281,525                                   | 3,737   | -       | -       | 285,262     |
| Deferred capital contributions                | 774,455                                   | (3,737) | -       | 674     | 771,392     |
| Unamortized external capital<br>contributions | 1,521,363                                 | 3,737   | (1,330) | 2,743   | 1,526,513   |
| Unrestricted net assets                       | (192,354)                                 | -       | -       | (674)   | (193,028)   |
| Investment in capital assets                  | 247,480                                   | -       | (1,008) | (2,743) | 243,729     |
| As at March 31, 2007                          |   |         |         |         |             |
| Net assets                                    | 176,480                                   | -       | 199     | (3,615) | 173,064     |

**Note 25 Comparative Figures**

Certain 2008 figures have been reclassified to conform to 2009 presentation.

**Note 26 Approval of Financial Statements**

These consolidated financial statements have been approved by the Alberta Health Services Board.

## Schedule 1

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

|   | 2009                |                     | 2008                    |
|---|---------------------|---------------------|-------------------------|
|   | Budget              | Actual              | Actual                  |
|   | (Note 11)           |                     | (Restated)<br>(Note 24) |
| Salaries and benefits (Schedule 2)              | \$ 1,768,853        | \$ 1,764,059        | \$ 1,579,404            |
| Contracts with health service operators         | 394,002             | 408,745             | 357,792                 |
| Contracts under the Health Care Protection Act  | 17,586              | 16,354              | 16,914                  |
| Drugs and gases                                 | 96,633              | 97,792              | 92,601                  |
| Medical and surgical supplies                   | 123,671             | 126,457             | 117,513                 |
| Other contracted services <sup>(a)</sup>        | 398,268             | 428,423             | 377,146                 |
| Interest on long-term debt                      | 6,864               | 6,812               | 6,176                   |
| Goodwill impairment (Note 5)                    | -                   | 25,804              | -                       |
| Other <sup>(a)</sup>                            | 341,815             | 320,724             | 292,231                 |
|   | <u>3,147,692</u>    | <u>3,195,170</u>    | <u>2,839,777</u>        |
| Amortization:                                   |                     |                     |                         |
| Capital equipment – internally funded           | 15,959              | 7,321               | 8,276                   |
| Capital equipment – externally funded           | 36,258              | 34,725              | 33,119                  |
| Information systems – internally funded         | 13,132              | 17,336              | 10,165                  |
| Information systems – externally funded         | 15,984              | 16,195              | 15,096                  |
| Facilities and improvements – internally funded | 11,550              | 11,509              | 9,850                   |
| Facilities and improvements – externally funded | 38,244              | 56,223              | 38,466                  |
| Intangible assets – internally funded           | 71                  | 71                  | 70                      |
|   | <u>131,198</u>      | <u>143,380</u>      | <u>115,042</u>          |
|   | <u>\$ 3,278,890</u> | <u>\$ 3,338,550</u> | <u>\$ 2,954,819</u>     |

## Schedule 1 (continued)

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

<sup>(a)</sup> Other contracted services include the following:

|                            | 2009              | 2008                    |
|----------------------------|-------------------|-------------------------|
|                            |                   | (Restated)<br>(Note 24) |
| Medical purchased services | \$ 282,115        | \$ 232,704              |
| Other purchased services   | 131,932           | 128,535                 |
| Legal fees                 | 3,480             | 3,569                   |
| Other professional fees    | 10,896            | 12,338                  |
|                            | <u>\$ 428,423</u> | <u>\$ 377,146</u>       |

<sup>(a)</sup> Other includes the following:

|  | 2009              | 2008                    |
|--|-------------------|-------------------------|
|  |                   | (Restated)<br>(Note 24) |
| Clinical lab and therapeutic supplies    | \$ 51,393         | \$ 45,902               |
| Utilities                                | 38,893            | 35,472                  |
| Rented space                             | 34,578            | 30,731                  |
| Equipment maintenance                    | 29,422            | 25,033                  |
| Minor equipment                          | 22,797            | 22,186                  |
| Department and office supplies           | 22,306            | 20,751                  |
| Food supplies                            | 20,828            | 19,207                  |
| Repairs and maintenance                  | 19,985            | 17,290                  |
| Communication and education              | 19,319            | 24,176                  |
| Recruitment and travel                   | 18,060            | 16,362                  |
| Housekeeping and laundry supplies        | 9,776             | 9,990                   |
| Plant maintenance and equipment supplies | 7,289             | 6,353                   |
| Insurance                                | 4,733             | 4,477                   |
| Other                                    | 21,345            | 14,301                  |
|  | <u>\$ 320,724</u> | <u>\$ 292,231</u>       |

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

|                                     | 2009                 |                            |                                    |   |          |                       |                          | 2008  |                      |        |
|-------------------------------------|----------------------|----------------------------|------------------------------------|---|----------|-----------------------|--------------------------|-------|----------------------|--------|
|                                     | FTE's <sup>(a)</sup> | Base Salary <sup>(b)</sup> | Other Cash Benefits <sup>(c)</sup> | Other Non-Cash Benefits <sup>(d)(i)</sup> | Subtotal | Number of Individuals | Severance <sup>(e)</sup> | Total | FTE's <sup>(a)</sup> | Total  |
| <b>Board Chair <sup>(a)</sup></b>   |                      |                            |                                    |   |          |                       |                          |       |                      |        |
| Ken Hughes – AHS                    | 0.88                 | \$ -                       | \$ -                               | \$ -                                      | \$ -     | -                     | -                        | \$ -  | -                    | \$ -   |
| David Tuer                          | 0.12                 | -                          | 7                                  | 1   | 8        | -                     | -                        | 8     | 1.00                 | 39     |
| <b>Board Members <sup>(a)</sup></b> |                      |                            |                                    |   |          |                       |                          |       |                      |        |
| Jack Ady – AHS                      | 0.88                 | -                          | -                                  | -   | -        | -                     | -                        | -     | -                    | -      |
| Pierre Crevolin – AHS               | 0.21                 | -                          | -                                  | -   | -        | -                     | -                        | -     | -                    | -      |
| Catherine Roozen – AHS              | 0.63                 | -                          | -                                  | -   | -        | -                     | -                        | -     | -                    | -      |
| Linda Hohol – AHS                   | 0.88                 | -                          | -                                  | -   | -        | -                     | -                        | -     | -                    | -      |
| John Lehnert – AHS                  | 0.88                 | -                          | -                                  | -   | -        | -                     | -                        | -     | -                    | -      |
| Irene Lewis – AHS                   | 0.88                 | -                          | -                                  | -   | -        | -                     | -                        | -     | -                    | -      |
| Don Sieben – AHS                    | 0.88                 | -                          | -                                  | -   | -        | -                     | -                        | -     | -                    | -      |
| Lori Andreachuk – AHS               | 0.33                 | -                          | -                                  | -   | -        | -                     | -                        | -     | -                    | -      |
| Gord Bontje – AHS                   | 0.33                 | -                          | -                                  | -   | -        | -                     | -                        | -     | -                    | -      |
| Teri Lynn Bougie – AHS              | 0.33                 | -                          | -                                  | -   | -        | -                     | -                        | -     | -                    | -      |
| Jim Clifford – AHS                  | 0.33                 | -                          | -                                  | -   | -        | -                     | -                        | -     | -                    | -      |
| Strater Crowfoot – AHS              | 0.33                 | -                          | -                                  | -   | -        | -                     | -                        | -     | -                    | -      |
| Tony Franceschini – AHS             | 0.33                 | -                          | -                                  | -   | -        | -                     | -                        | -     | -                    | -      |
| Andreas Laupacis – AHS              | 0.33                 | -                          | -                                  | -   | -        | -                     | -                        | -     | -                    | -      |
| Gord Winkel – AHS                   | 0.33                 | -                          | -                                  | -   | -        | -                     | -                        | -     | -                    | -      |
| Courtney Rousseau                   | 0.12                 | -                          | 5                                  | -   | 5        | -                     | -                        | 5     | 1.00                 | 23     |
| Diane Caleffi                       | 0.12                 | -                          | 6                                  | -   | 6        | -                     | -                        | 6     | 1.00                 | 10     |
| George Pinchbeck                    | 0.12                 | -                          | 7                                  | -   | 7        | -                     | -                        | 7     | 1.00                 | 23     |
| Gordon McPherson                    | 0.12                 | -                          | 6                                  | -   | 6        | -                     | -                        | 6     | 1.00                 | 18     |
| Loreen Gilmour                      | 0.12                 | -                          | 3                                  | 1   | 4        | -                     | -                        | 4     | 1.00                 | 12     |
| Lynn Martin                         | 0.12                 | -                          | 6                                  | 1   | 7        | -                     | -                        | 7     | 1.00                 | 22     |
| Mairi Matheson                      | 0.12                 | -                          | 5                                  | -   | 5        | -                     | -                        | 5     | 1.00                 | 8      |
| Marjorie Ricketts                   | 0.12                 | -                          | 5                                  | -   | 5        | -                     | -                        | 5     | 1.00                 | 13     |
| Myron Kanik                         | -                    | -                          | -                                  | -   | -        | -                     | -                        | -     | 0.46                 | 3      |
| N.D. (Skip) McDonald                | 0.12                 | -                          | 1                                  | -   | 1        | -                     | -                        | 1     | 1.00                 | 4      |
| Nancy Laird                         | 0.12                 | -                          | 1                                  | -   | 1        | -                     | -                        | 1     | 1.00                 | 2      |
| Robert Moskovitz                    | -                    | -                          | -                                  | -   | -        | -                     | -                        | -     | 0.24                 | 3      |
| Sandy Dougall                       | 0.12                 | -                          | 3                                  | -   | 3        | -                     | -                        | 3     | 1.00                 | 8      |
|                                     | 10.20                | \$ -                       | \$ 55                              | \$ 3                                      | \$ 58    | -                     | \$ -                     | \$ 58 | 12.70                | \$ 188 |

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

|  | 2009                 |                            |                                    |  |                 |                       |                 | 2008            |                      |                 |
|--|----------------------|----------------------------|------------------------------------|--|-----------------|-----------------------|-----------------|-----------------|----------------------|-----------------|
|  | FTE's <sup>(a)</sup> | Base Salary <sup>(a)</sup> | Other Cash Benefits <sup>(a)</sup> | Other Non-Cash Benefits <sup>(a)</sup> | Subtotal        | Number of Individuals | Severance \$K   | Total           | FTE's <sup>(a)</sup> | Total           |
| <b>Board Direct Reports <sup>(a)</sup></b>   |                      |                            |                                    |  |                 |                       |                 |                 |                      |                 |
| President and Chief Executive Officer - AHS <sup>(a)</sup>                                     | 0.02                 | \$ -                       | \$ -                               | \$ -                                   | \$ -            | -                     | \$ -            | \$ -            | -                    | \$ -            |
| Contracted Service - Interim Chief Executive Officer - AHS <sup>(a)</sup>                      | 0.88                 | -                          | -                                  | -                                      | -               | -                     | -               | -               | -                    | -               |
| Chief Executive Officer <sup>(a)(i)</sup>  | 0.27                 | 106                        | 78                                 | 484                                    | 668             | 1                     | 1,671           | 2,339           | 1.00                 | 1,335           |
| Medical Officer of Health  | 1.00                 | 257                        | 46                                 | 97                                     | 400             | -                     | -               | 400             | 1.00                 | 334             |
| Chief Audit Executive <sup>(a)</sup>   | 1.00                 | 223                        | 39                                 | 60                                     | 322             | -                     | -               | 322             | 1.00                 | 218             |
| <b>CEO Direct Reports <sup>(a)</sup></b>   |                      |                            |                                    |  |                 |                       |                 |                 |                      |                 |
| President and Chief Operating Officers <sup>(a)(i)</sup>                                       | 1.00                 | 316                        | 140                                | 203                                    | 659             | -                     | -               | 659             | 1.00                 | 612             |
| Interim President and Chief Operating Officer <sup>(a)</sup>                                   | 0.71                 | 171                        | 29                                 | 39                                     | 239             | -                     | -               | 239             | -                    | -               |
| Executive Vice President, Risk Management and CFO <sup>(a)(i)</sup>                            | 1.00                 | 314                        | 140                                | 618                                    | 1,072           | 1                     | 782             | 1,854           | 1.00                 | 589             |
| Senior Vice President, Planning and Capital Development <sup>(a)</sup>                         | 1.00                 | 210                        | 29                                 | 43                                     | 282             | -                     | -               | 282             | 1.00                 | 411             |
| Senior Vice President, People and Learning <sup>(a)(i)</sup>                                   | 0.02                 | 5                          | 1                                  | 3                                      | 9               | -                     | -               | 9               | 1.00                 | 412             |
| Senior Vice President, Interprofessional Practice and Chief Nursing Officer <sup>(a)(i)</sup>  | 0.38                 | 98                         | 20                                 | 118                                    | 236             | 1                     | 535             | 771             | 0.23                 | 118             |
| Senior Vice President and Chief Medical Officer, Physician Leadership Portfolio <sup>(a)</sup> | 1.00                 | 380                        | 95                                 | 104                                    | 579             | -                     | -               | 579             | 0.23                 | 116             |
| Senior Vice President, Advanced Technology and Enterprise Reporting <sup>(a)</sup>             | 1.00                 | 334                        | 71                                 | 155                                    | 560             | -                     | -               | 560             | 0.23                 | 99              |
| Senior Vice President, Communications and Community Relations                                  | -                    | -                          | -                                  | -                                      | -               | -                     | -               | -               | 0.78                 | 482             |
| Senior Vice President, Wellness <sup>(a)</sup>   | 0.51                 | 107                        | 18                                 | 71                                     | 196             | 1                     | 327             | 523             | 0.77                 | 297             |
| Senior Vice President, South Health Campus   | 1.00                 | 258                        | 56                                 | 27                                     | 341             | -                     | -               | 341             | 0.23                 | 47              |
| Vice President, Strategic Health Planning  | 1.00                 | 232                        | 39                                 | 64                                     | 335             | -                     | -               | 335             | 0.23                 | 66              |
| Acting Senior Vice President, Patient Experience and Advocacy                                  | -                    | -                          | -                                  | -                                      | -               | -                     | -               | -               | 0.42                 | 57              |
| Senior Vice President and Advisor Patient Experience and Advocacy                              | -                    | -                          | -                                  | -                                      | -               | 1                     | 382             | 382             | 0.88                 | 511             |
| Vice President, Government Relations and Assistant Corporate Secretary <sup>(a)(i)</sup>       | 1.00                 | 189                        | 40                                 | 49                                     | 278             | -                     | -               | 278             | 1.00                 | 255             |
|  | 12.79                | 3,200                      | 841                                | 2,135                                  | 6,176           | 5                     | 3,697           | 9,873           | 12.00                | 5,959           |
| <b>Total Board and Executive</b>   | <b>22.99</b>         | <b>\$ 3,200</b>            | <b>\$ 896</b>                      | <b>\$ 2,138</b>                        | <b>\$ 6,234</b> | <b>5</b>              | <b>\$ 3,697</b> | <b>\$ 9,931</b> | <b>24.70</b>         | <b>\$ 6,147</b> |

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

|  | 2009                 |                            |                                    |   |              |                       |              | 2008         |                      |              |
|--|----------------------|----------------------------|------------------------------------|---|--------------|-----------------------|--------------|--------------|----------------------|--------------|
|  | FTE's <sup>(a)</sup> | Base Salary <sup>(a)</sup> | Other Cash Benefits <sup>(a)</sup> | Other Non-Cash Benefits <sup>(a)(b)</sup> | Subtotal     | Number of Individuals | Severance \$ | Total        | FTE's <sup>(a)</sup> | Total        |
| Board and executive                        | 22.99                | \$ 3,200                   | \$ 896                             | \$ 2,138                                  | \$ 6,234     | 5                     | \$ 3,697     | \$ 9,931     | 24.70                | \$ 6,147     |
| Management reporting to CBO direct reports | 20.53                | 4,123                      | 509                                | 1,039                                     | 5,671        | 5                     | 1,668        | 7,339        | 18.60                | 5,407        |
| Other managers                             | 947.71               | 95,541                     | 2,181                              | 16,980                                    | 114,702      | 28                    | 2,660        | 117,362      | 915.93               | 111,684      |
| Medical doctors                            | 79.36                | 17,838                     | 296                                | 525                                       | 18,659       | 1                     | 83           | 18,742       | 71.64                | 18,321       |
| Regulated nurses:                          |                      |                            |                                    |   |              |                       |              |              |                      |              |
| RNs, RPNs, grad nurses                     | 6,329.88             | 517,630                    | 39,774                             | 86,146                                    | 643,550      | 3                     | 140          | 643,690      | 6,143.11             | 599,871      |
| LPNs                                       | 749.44               | 39,984                     | 2,771                              | 6,514                                     | 49,269       | -                     | -            | 49,269       | 708.67               | 41,489       |
| Other health technical and professional    | 4,816.58             | 319,068                    | 10,398                             | 59,957                                    | 389,423      | 5                     | 186          | 389,609      | 4,324.79             | 351,191      |
| Unregulated health service                 | 1,962.36             | 81,069                     | 3,184                              | 13,242                                    | 97,495       | -                     | -            | 97,495       | 1,844.68             | 82,253       |
| Other staff                                | 7,039.13             | 349,662                    | 10,470                             | 69,756                                    | 429,888      | 41                    | 734          | 430,622      | 6,661.96             | 363,041      |
| Total                                      | 21,967.98            | \$ 1,428,115               | \$ 70,479                          | \$ 256,297                                | \$ 1,754,891 | 88                    | \$ 9,168     | \$ 1,764,059 | 20,714.08            | \$ 1,579,404 |

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

## Supplemental Executive Retirement Plan

|   | 2009                       |                        |        | 2008   |  |   |  |
|---|----------------------------|------------------------|--------|--------|--|---|--|
|   | Current<br>Service<br>Cost | Other<br>SERP<br>Costs | Total  | Total  | Accrued<br>Benefit<br>Obligation<br>March 31, 2008 | Change in<br>Accrued<br>Benefit<br>Obligation | Accrued<br>Benefit<br>Obligation<br>March 31, 2009 |
| Chief Executive Officer <sup>(a)</sup>  | \$ 74                      | \$ 395                 | \$ 469 | \$ 704 | \$ 4,028   | \$ (303)                                      | \$ 3,725   |
| Medical Officer of Health   | 33                         | 44                     | 77     | 121    | 421  | 57  | 478  |
| Chief Audit Executive   | 26                         | 17                     | 43     | 12     | 170  | 27  | 197  |
| President and Chief Operating Officer   | 101                        | 98                     | 199    | 186    | 872  | 43  | 915  |
| Interim President and Chief Operating Officer   | 27                         | 8                      | 35     | -      | 74   | 25  | 99   |
| Executive Vice President, Risk Management<br>and CFO <sup>(a)</sup>                           | 91                         | 520                    | 611    | 181    | 1,001  | (1,001)                                       | -  |
| Senior Vice President, Planning and<br>Capital Development                                    | 24                         | 18                     | 42     | 57     | 265  | 14  | 279  |
| Senior Vice President, People and Learning  | 24                         | 39                     | 63     | 50     | 165  | (165)   | -  |
| Senior Vice President, Interprofessional Practice<br>and Chief Nursing Officer <sup>(a)</sup> | 17                         | 94                     | 111    | 138    | 839  | (207)   | 632  |
| Senior Vice President and Chief Medical Officer,<br>Physician Leadership Portfolio            | 75                         | 22                     | 97     | 86     | 242  | 92  | 334  |
| Senior Vice President, Advanced Technology<br>and Enterprise Reporting                        | 101                        | 33                     | 134    | 120    | 311  | 145   | 456  |
| Senior Vice President, Communications<br>and Community Relations                              | -                          | -                      | -      | 53     | -  | -   | -  |
| Senior Vice President, Wellness <sup>(a)</sup>  | 16                         | 47                     | 63     | 81     | 494  | (12)  | 482  |
| Senior Vice President, South Health Campus  | 19                         | 1                      | 20     | -      | -  | 17  | 17   |
| Vice President, Strategic Health Planning   | 24                         | 20                     | 44     | 42     | 193  | 18  | 211  |
| Vice President, Government Relations<br>and Assistant Corporate Secretary                     | 19                         | 10                     | 29     | 17     | 80   | 7   | 87   |



**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

- a. Full-time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 35,597 (2008 – 33,767). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include honoraria, bonuses, overtime and lump sum payments.
- d. Other non-cash benefits include:
  - Employer's current and prior service cost of supplementary executive retirement plan per (f) below.
  - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
  - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- f. Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2(e) Employee Future Benefits and (Note 9) Long-term Employee Benefit Liabilities.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

- g. On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services ('AHS') interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- h. Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- i. On July 8, 2008 the Region's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- j. This position was held by two incumbents during the year.
- k. CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Any title changes subsequent to July 8, 2008 are noted in (l) through (s) below.
- l. This position was held by two incumbents during the year. Effective July 8, 2008:
- The President and Chief Operating Officer of the Region transitioned to the Chief Operating Officer - Urban - AHS. Costs incurred are reported in the accounts of the Region.
  - The Interim President and Chief Operating Officer was appointed for the Region.
- m. Effective July 8, 2008 the Executive Vice President, Risk Management and Chief Financial Officer of the Region was also appointed the Interim Chief Financial Officer - AHS. Costs incurred are reported in the accounts of the Region. Effective March 31, 2009 the incumbent departed.
- n. Effective April 7, 2008, the incumbent retired. Due to organization restructuring from April 7, 2008 to July 28, 2008 this position reported to the Interim President and Chief Operating Officer, and is included in Management reporting to CEO Direct Reports. Effective July 28, 2008, the Interim Senior Vice President of Human Resources - AHS was appointed and reported to the Interim Chief Operating Officer, Corporate Services - AHS. Effective December 1, 2008 the position transitioned to the Interim Human Resources Lead and Vice President, Total Rewards and Human Resource Analytics and reported to the Special Assistant to the Chief Executive Officer, Corporate Services - AHS. Costs incurred for the Interim Senior Vice President of Human Resources - AHS and the Interim Human Resources Lead and Vice President, Total Rewards and Human Resource Analytics are reported in the accounts of the Region.

**CALGARY HEALTH REGION**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

- o. Due to organization restructuring, effective August 15, 2008 this position was assumed by the Interim President and Chief Operating Officer. Costs are captured in (l) above.
- p. Effective February 6, 2009 the Senior Vice President and Chief Medical Officer, Physician Leadership Portfolio transitioned to the Senior Physician Executive – AHS. Costs incurred are reported in the accounts of the Region.
- q. Effective November 20, 2008 the Senior Vice President, Advanced Technology and Enterprise Reporting of the Region was also appointed the Senior Vice President and Chief Information Officer - AHS. Costs incurred are reported in the accounts of the Region.
- r. Effective October 3, 2008 the incumbent retired. Subsequently, the Wellness portfolio was realigned to report to the Chief Operating Officer - Urban - AHS.
- s. Effective June 17, 2008 the Vice President, Government Relations and Assistant Corporate Secretary of the Region transitioned to Chief of Staff, Board Office - AHS. Costs incurred are reported in the accounts of the Region. Effective June 17, 2008 the Vice President, Government Relations and Assistant Corporate Secretary of the Region transitioned to the Vice President of Government Relations and Assistant Corporate Secretary - AHS. Costs incurred are reported in the accounts of the Region.
- t. These individuals are provided with an automobile allowance. Dollar amounts are included in other cash benefits (c) above.
- u. Based on future SERP compensation benefits described under (f) above, the following schedule outlines pension income received by individuals who departed within the 2008-09 fiscal period:

| Name   | Pension Income<br>(not in thousands) | Frequency | Term       |
|--|--------------------------------------|-----------|------------|
| Chief Executive Officer  | \$ 22,409                            | Monthly   | Indefinite |
| Executive Vice President, Risk Management<br>and CFO                           | 1,186,758                            | Lump-Sum  | One-Time   |
| Senior Vice President, Interprofessional Practice<br>and Chief Nursing Officer | 3,919                                | Monthly   | Indefinite |
| Senior Vice President, Wellness  | 2,991                                | Monthly   | Indefinite |



**DAVID THOMPSON  
HEALTH REGION**

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**CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2009  
and  
AUDITOR'S REPORT**

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**DAVID THOMPSON HEALTH REGION  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2009**

Statement of Management's Responsibility for Financial Reporting  
Auditor's Report  
Consolidated Statement of Financial Position  
Consolidated Statement of Operations  
Consolidated Statement of Changes in Net Assets  
Consolidated Statement of Cash Flows  
Notes to the Consolidated Financial Statements  
Schedule 1 Consolidated Schedule of Expenses by Object  
Schedule 2 Consolidated Schedule of Salaries and Benefits

David Thompson Health Region  
Management's Responsibility for Financial Reporting  
March 31, 2009



The accompanying final consolidated financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The consolidated financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Region members carry out their responsibility for the consolidated financial statements through the Audit and Finance Committee. This Committee meets with management and the Office of the Auditor General of Alberta to review financial matters, and recommends the final consolidated financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Office of the Auditor General of Alberta has free access to the Audit and Finance Committee.

The Office of the Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which will allow him to report on the fairness of the consolidated financial statements prepared by management.

|   |  |   |
|---|--|---|
| [Original signed]                             | [Original signed]                            | [Original signed]   |
| Bryan Judd<br>Chief Financial Officer         | Chris Mazurkewich<br>Chief Financial Officer | Dr. Stephen Duckett<br>President & Chief Executive<br>Officer |
| David Thompson Health Region<br>June 11, 2009 | Alberta Health Services<br>June 11, 2009     | Alberta Health Services<br>June 11, 2009                      |

## Auditor's Report

To the Members of the Alberta Health Services Board  
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of the David Thompson Health Region (the Authority) as at March 31, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2008 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated April 28, 2008.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009



David Thompson Health Region  
Consolidated Statement of Financial Position  
March 31, 2009  
(thousands of dollars)

|  | 2009             | 2008<br>(Restated)<br>(Note 21) |
|--|------------------|---------------------------------|
| <b>ASSETS</b>  |                  |                                 |
| Current:   |                  |                                 |
| Cash and investments (Note 3)  | \$ 99,825        | \$ 83,368                       |
| Accounts receivable  | 14,111           | 17,817                          |
| Contributions receivable from Alberta Health and Wellness            | 5,898            | 6,103                           |
| Inventories  | 6,976            | 6,166                           |
| Prepaid expenses   | 1,317            | 2,063                           |
|  | <u>128,127</u>   | <u>115,517</u>                  |
| Non-current cash and investments (Note 3)                            | 20,674           | 39,119                          |
| Capital assets (Note 4)  | 414,194          | 421,885                         |
| Loans - continuing care partnership projects (Note 5)                | 26,213           | 20,656                          |
| Other assets (Note 6)  | 664              | 828                             |
| <b>TOTAL ASSETS</b>  | <b>\$589,872</b> | <b>\$598,005</b>                |
| <b>LIABILITIES AND NET ASSETS</b>                                    |                  |                                 |
| Current:   |                  |                                 |
| Accounts payable and accrued liabilities                             | \$ 60,051        | \$ 45,455                       |
| Accrued vacation pay   | 25,890           | 23,664                          |
| Deferred contributions (Note 7)                                      | 68,767           | 38,883                          |
| Current portion of long-term debt (Note 9)                           | 179              | 125                             |
|  | <u>154,887</u>   | <u>108,127</u>                  |
| Deferred capital contributions (Note 8)                              | 5,961            | 18,538                          |
| Deferred contributions - continuing care partnership projects        | 40,926           | 41,237                          |
| Long-term debt (Note 9)  | 262              | 326                             |
| Unamortized external capital contributions (Note 4)                  | <u>379,339</u>   | <u>389,842</u>                  |
|  | <u>581,375</u>   | <u>558,070</u>                  |
| Net assets   |                  |                                 |
| Accumulated (deficit) surplus (Note 11)                              | (25,492)         | 8,678                           |
| Investment in capital assets from internally funded sources (Note 4) | 33,989           | 31,167                          |
| Cumulative net unrealized gains on investments                       | -                | 90                              |
|  | <u>8,497</u>     | <u>39,935</u>                   |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                              | <b>\$589,872</b> | <b>\$598,005</b>                |

Commitments and contingencies (Note 12)

Subsequent event (Note 22)

The accompanying notes and schedules are an integral part of these consolidated financial statements

David Thompson Health Region  
Consolidated Statement of Operations  
For the Year Ended March 31, 2009  
(thousands of dollars)

|   | 2009<br>Budget<br>(Unaudited)<br>(Note 13) | 2008<br>Actual<br>(Restated)<br>(Note 21) |
|---|--|---|
| <b>Revenue</b>                                      |  |   |
| Alberta Health and Wellness contributions (Note 14) | \$ 571,848                                 | \$ 585,691                                |
| Other government contributions (Note 15)            | 5,047                                      | 10,377                                    |
| Fees and charges                                    | 34,159                                     | 36,711                                    |
| Ancillary operations (Note 16)                      | 5,266                                      | 4,463                                     |
| Donations   | 971  | 3,021                                     |
| Investment and other income (Note 17)               | 14,187                                     | 16,553                                    |
| Amortized external capital contributions            | <u>28,412</u>                              | <u>26,039</u>                             |
| <b>TOTAL REVENUE</b>                                | <b>659,890</b>                             | <b>682,855</b>                            |
| <b>Expenses (Schedule 1)</b>                        |  |   |
| Facility-based inpatient acute nursing services     | 175,207                                    | 181,006                                   |
| Facility-based emergency and outpatient services    | 46,247                                     | 55,808                                    |
| Facility-based continuing care services             | 73,816                                     | 74,938                                    |
| Community-based care                                | 34,320                                     | 34,009                                    |
| Home care   | 24,929                                     | 25,781                                    |
| Diagnostic and therapeutic services                 | 111,596                                    | 111,340                                   |
| Promotion, prevention and protection services       | 22,848                                     | 21,933                                    |
| Research and education                              | 629  | 570                                       |
| Administration                                      | 32,113                                     | 39,130                                    |
| Information technology                              | 24,902                                     | 19,179                                    |
| Support services                                    | 129,996                                    | 134,082                                   |
| Amortization of facilities and improvements         | <u>16,703</u>                              | <u>16,427</u>                             |
| <b>TOTAL EXPENSES</b>                               | <b>693,306</b>                             | <b>714,203</b>                            |
| (Deficiency) excess of revenue over expenses        | <b>\$ (33,416)</b>                         | <b>\$ (31,348)</b>                        |

The accompanying notes and schedules are an integral part of these consolidated financial statements

David Thompson Health Region  
Consolidated Statement of Changes in Net Assets  
For the Year Ended March 31, 2009  
(thousands of dollars)

|  | 2009                          |                              |   | 2008      |           |
|--|-------------------------------|------------------------------|---|-----------|-----------|
|  | Accumulated surplus (deficit) | Investment in capital assets | Cumulative net unrealized gains (losses) on investments | Total     | Total     |
| Balance at beginning of year   | \$ 8,678                      | \$ 31,167                    | \$ 90   | \$ 39,935 | \$ 7,248  |
| (Deficiency) excess of revenue over expenses   | (31,348)                      | -                            | -   | (31,348)  | 32,664    |
| Capital assets purchased with internal funds   | (8,299)                       | 8,299                        | -   | -         | -         |
| Amortization on internally funded capital assets   | 5,487                         | (5,487)                      | -   | -         | -         |
| Repayment of long-term debt used to fund capital assets                                    | (257)                         | 257                          | -   | -         | -         |
| Proceeds from long-term debt   | 247                           | (247)                        | -   | -         | -         |
| Unrealized (losses) gains on "available-for-sale" financial assets arising during the year | -                             | -                            | (90)  | (90)      | 23        |
| Balance at end of year   | \$ (25,492)                   | \$ 33,989                    | \$ -  | \$ 8,497  | \$ 39,935 |

The accompanying notes and schedules are an integral part of these consolidated financial statements

David Thompson Health Region  
Consolidated Statement of Cash Flows  
For the Year Ended March 31, 2009  
(thousands of dollars)

|  | 2009                         |             | 2008                        |
|--|------------------------------|-------------|-----------------------------|
|  | Budget (Unaudited) (Note 13) | Actual      | Actual (Restated) (Note 21) |
| Cash generated from (used by):                             |                              |             |                             |
| Operating activities:                                      |                              |             |                             |
| (Deficiency) excess of revenue over expenses               | \$ (33,416)                  | \$ (31,348) | \$ 32,664                   |
| Items not involving cash                                   |                              |             |                             |
| Amortization (Schedule 1)                                  | 34,679                       | 31,526      | 29,851                      |
| Amortized external capital contributions                   | (28,412)                     | (26,039)    | (24,697)                    |
| Changes in non-cash operating working capital (Note 18)    | (37,113)                     | 44,849      | 39,476                      |
| Cash generated from operations                             | (64,262)                     | 18,988      | 77,294                      |
| Investing activities:                                      |                              |             |                             |
| Purchase of capital assets:                                |                              |             |                             |
| Internally funded - equipment                              | (5,500)                      | (5,704)     | (3,290)                     |
| Externally funded - equipment                              | (6,600)                      | (7,899)     | (9,930)                     |
| Internally funded - facility and improvements              | (3,000)                      | (2,595)     | -                           |
| Externally funded - facility and improvements              | (6,123)                      | (7,637)     | (22,902)                    |
| (Decrease) increase in net unrealized gains on investments | -                            | (90)        | 90                          |
| Allocations to non-current cash and investments            | -                            | -           | (12,402)                    |
| Cash used by investing activities                          | (21,223)                     | (23,925)    | (48,434)                    |
| Financing activities:                                      |                              |             |                             |
| Capital contributions received                             | 12,723                       | 2,959       | 24,653                      |
| Principal payments on long-term debt                       | (123)                        | (257)       | (210)                       |
| Proceeds from long-term debt                               | -                            | 247         | -                           |
| Allocations from non-current cash and investments          | 29,119                       | 18,445      | -                           |
| Cash generated from financing activities                   | 41,719                       | 21,394      | 24,443                      |
| Increase (decrease) in cash and investments                | (43,766)                     | 16,457      | 53,303                      |
| Cash and investments, beginning of year                    | 79,941                       | 83,368      | 30,065                      |
| Cash and investments, end of year                          | \$ 36,175                    | \$ 99,825   | \$ 83,368                   |

The accompanying notes and schedules are an integral part of these consolidated financial statements

David Thompson Health Region  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2009  
(Tabular amounts in thousands of dollars)

**Note 1 Authority, Purpose and Operations**

The David Thompson Health Region (the "Region") was established June 24, 1994 under the *Alberta Regional Health Authorities Act*, is a registered charity under the *Income Tax Act* and exempt from payment of income tax. Effective April 1, 2009 the Region was disestablished and all the assets and liabilities were transferred to Alberta Health Services (Note 22).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Region's operations include the following facilities and sites:

Bentley Care Centre  
Breton Health Centre  
Centennial Centre for Mental Health and Brain Injury  
Consort Hospital and Care Centre  
Coronation Hospital and Care Centre  
Drayton Valley Hospital and Care Centre  
Drumheller Health Centre  
Hanna Health Centre  
Innisfail Health Centre  
Lacombe Hospital and Care Centre  
Olds Hospital and Care Centre

Castor Community Health Centre  
Consort Community Health Centre  
Coronation Community Health Centre  
Drayton Valley Community Health Centre  
Drumheller Environmental Health and Support Services  
Eckville Community Health Centre  
Elnora Community Health Centre  
Johnstone Crossing Community Health Centre  
Lacombe Community Health Centre  
Olds Community Health Centre

Drayton Valley Mental Health Centre  
Drumheller Mental Health Centre  
Hanna Mental Health Centre  
Lacombe Mental Health Centre  
Olds Mental Health Centre  
Ponoka Mental Health Centre

Ponoka Hospital and Care Centre  
Red Deer Nursing Home  
Red Deer Regional Hospital Centre  
Red Deer Valley Park Manor Care Centre  
Rimbey Hospital and Care Centre  
Rocky Mountain House Health Centre  
Stettler Hospital and Care Centre  
Sundre Hospital and Care Centre  
Three Hills Health Centre  
Wetaskiwin Hospital and Care Centre

Ponoka Community Health Centre  
Red Deer Bremner Ave. Community Health Centre  
Red Deer 49<sup>th</sup> St. Community Health Centre  
Rimbey Community Health Centre  
Rocky Mountain House Community Health Centre  
Stettler Community Health Services  
Sundre Community Health Centre  
Sylvan Lake Community Health Centre  
Wetaskiwin Community Health Centre  
Winfield Community Health Centre

Rimbey Mental Health Centre  
Rocky Mountain House Mental Health Centre  
Stettler Mental Health Centre  
Three Hills Mental Health Centre  
Wetaskiwin Mental Health Centre

David Thompson Health Region  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2009  
(Tabular amounts in thousands of dollars)

**Note 1 Authority, Purpose and Operations (continued)**

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 19.

**Note 2 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

(1) The financial statements were prepared on a going concern basis notwithstanding the new governance structure that became effective April 1, 2009 (Note 22).

(2) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.

(3) These financial statements were prepared on a consolidated basis and include the accounts of the facilities and sites disclosed in Note 1 but do not include the accounts of the foundations within the Region (Note 19(d)).

(i) The Region uses the proportionate consolidation method to account for its interests in Primary Care Networks (Note 19(c)).

(4) These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Restricted non-capital contributions are recognized as revenue in the year the related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital assets is recorded.

(iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

David Thompson Health Region  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2009  
(Tabular amounts in thousands of dollars)

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(a) Basis of Presentation (continued)**

- (v) Investment income includes dividend and interest income, and realized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Contributions in kind are recorded at fair value when such value can reasonably be determined.
- (vii) Ancillary operations reflect gross revenues earned through the various activities undertaken. Related expenses are reported under support services on the Consolidated Statement of Operations.

**(b) Capital Disclosure**

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 – *Capital Disclosures* of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Region defines capital as including deferred capital contributions, unamortized external capital contributions, and investment in capital assets.

The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since the department does not fund ancillary operations.

The Region complied with all debt covenants during the year.

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**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(b) Capital Disclosure (continued)**

Where a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 11).

**(c) Full Cost**

The Region accounts for all costs and revenue from services for which it is responsible. The fair value of such services are recorded. Fair value transactions comprise the following:

- (i) Revenue earned by contracted health service operators from Alberta Health and Wellness designated fees and charges are recorded as the Region's fees and charges. An equivalent amount is recorded as contracted health service expense of the Region.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Region's health programs.
- (iii) The fair value for use of acute care facilities not owned by the Region is recorded as revenue from other government contributions or donations, and as program expense, since contract payments from the Region do not include an amount for use of these facilities.
- (iv) The fair value for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Contributions of other assets, supplies and services that the Region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported, as a fair value cannot be reasonably determined.

**(d) Employee Future Benefits**

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Region's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Region has insufficient information to apply defined benefit plan accounting. Pension costs comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plan.

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**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(d) Employee future benefits (continued)**

The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives (Note 10). The cost of these benefits is actuarially determined using the projected benefit method pro-rated on service, a market interest rate, and an actuarial estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The Region's SERP is fully funded on an annual basis.

**(e) Investments**

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are capitalized. The purchase and sale of investments are accounted for using the trade date method of accounting.

**(f) Financial Instruments**

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", financial liabilities classified as "other financial liabilities" and financial assets classified as "held to maturity" are measured at amortized cost using the effective interest method.

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**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(f) Financial Instruments (continued)**

The Region has classified its financial assets and financial liabilities as follows:

| <u>Financial Assets and Liabilities</u>                   | <u>Classification</u>       |
|---|-----------------------------|
| Cash and equivalents                                      | Held for trading            |
| Investments   | Available for sale          |
| Accounts receivable                                       | Loans and receivables       |
| Contributions receivable from Alberta Health and Wellness | Loans and receivables       |
| Loans - continuing care partnership projects              | Loans and receivables       |
| Accounts payable  | Other financial liabilities |
| Long-term debt  | Other financial liabilities |

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The carrying value of receivables, payables and loans - continuing care partnerships project approximate their fair value. The fair value of Investments is disclosed in Note 3 and the fair value of Long-term debt in Note 9. Unless otherwise noted, it is management's opinion that the region is not exposed to significant interest, currency or credit risks arising from its financial instruments.

**(g) Inventories**

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 *Inventories* which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at lower of cost and current replacement cost using the weighted average method of accounting. All other inventories are valued at lower of cost and net realizable value, on an individual item basis.



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Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Capital Assets

Capital assets and work in progress are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

|                             | Useful life   |
|-----------------------------|---------------|
| Land improvements           | 10 - 20 years |
| Facilities and improvements | 10 - 40 years |
| Equipment                   | 3 - 20 years  |
| Leased equipment            | Lease term    |

Capital assets with unit costs less than five thousand dollars are expensed. Work in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital assets ownership to the Region are reported as capital asset acquisitions financed by long-term obligations.

(i) Measurement uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amortization of capital assets and external capital contributions is based on estimates of the useful life of related assets. Accrued liabilities for utility contracts, home care services and diagnostic testing are estimated based on prior usage. Actual results could differ from estimates.

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Note 3 Cash and Investments

|                            | 2009              |           | 2008              |           |
|----------------------------|-------------------|-----------|-------------------|-----------|
|                            | Fair Market Value | Cost      | Fair Market Value | Cost      |
|                            |                   |           | (Restated)        | (Note 21) |
| Cash                       | \$ 37,152         | \$ 37,152 | \$ 28,953         | \$ 28,953 |
| Term deposits              | 1,533             | 1,533     | 1,308             | 1,308     |
| Money market securities    | 67,036            | 67,037    | 77,418            | 77,419    |
| Bonds and bond funds       | 10,484            | 10,132    | 10,162            | 10,002    |
| Marketable securities      | 4,294             | 5,290     | 4,646             | 4,715     |
| Total cash and investments | \$120,499         | \$121,144 | \$122,487         | \$122,397 |
| Classified as:             |                   |           |                   |           |
| Current                    | \$ 99,825         |           | \$ 83,368         |           |
| Non-current                | 20,674            |           | 39,119            |           |
| Total cash and investments | \$120,499         |           | \$122,487         |           |

(i) Term deposits represent funds held by Primary Care Networks (Note 19(c)). Eligible investments and durations are defined within the Primary Care Initiative policies.

(ii) To optimize returns at an acceptable risk level, management has established a policy asset mix of 0% to 60% for fixed-income instruments, 0% to 20% for equities and 20% to 100% for cash and cash equivalents. Risk is reduced through diversification.

(iii) Fixed-income securities, such as bonds (Government of Canada, Provincial - other than Alberta), and bond funds (Global Government Bond Index, Private Canadian Corporate) have an average effective yield of 3.45% per year for securities maturing between one and six years. As at March 31, 2009, the securities have the following maturity structure:

|               | %  |
|---------------|----|
| 1 to 5 years  | 90 |
| 5 to 10 years | 10 |

(iv) Equities (Canadian - 62%, U.S. - 38%) comprise publicly-traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.



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Note 3 Cash and Investments (continued)

(v) Unrealized investment losses totalled \$645,000 at March 31, 2009. Of this amount, \$400,000 is related to unrestricted investments and has been recognized within the Consolidated Statement of Operations due to the likelihood that these investments will be liquidated during the next year. The balance of \$245,000 is related to restricted investments and is included within deferred contributions.

Note 4 Capital Assets

| Capital Asset                | Opening Balance<br>April 1, 2008<br>(Restated)<br>(Note 21) | Transfers from<br>Capital<br>Projects in<br>Progress | Additions        | Disposals         | Closing<br>Balance<br>March 31,<br>2009 |
|------------------------------|---|--|------------------|-------------------|---|
| Land                         | \$ 6,577  | \$ 1,154   | \$ -             | \$ -              | \$ 7,731                                |
| Land improvements            | 11,293  | -  | -                | (634)             | 10,659                                  |
| Facilities and improvements  | 536,488   | 7,112  | -                | (95)              | 543,505                                 |
| Equipment                    | 146,381   | 12,609   | 6,981            | (5,750)           | 160,221                                 |
| Capital projects in progress | 47,178  | (20,875)   | 16,854           | -                 | 43,157                                  |
|                              | <u>\$ 747,917</u>   | <u>\$ -</u>  | <u>\$ 23,835</u> | <u>\$ (6,479)</u> | <u>\$ 765,273</u>                       |

|                              | Accumulated Amortization                                    |                              |                                   | Net Book Value    |   |
|------------------------------|---|------------------------------|-----------------------------------|-------------------|---|
|                              | Opening Balance<br>April 1, 2008<br>(Restated)<br>(Note 21) | Current Year<br>Amortization | Closing Balance<br>March 31, 2009 | March 31, 2009    | March 31, 2008<br>(Restated)<br>(Note 21) |
| Land                         | \$ -  | \$ -                         | \$ -                              | \$ 7,731          | \$ 6,577                                  |
| Land improvements            | 3,830   | 845                          | (634)                             | 4,041             | 7,463                                     |
| Facilities and improvements  | 227,574   | 15,546                       | (94)                              | 242,826           | 309,114                                   |
| Equipment                    | 94,828  | 15,099                       | (5,715)                           | 104,212           | 56,009                                    |
| Capital projects in progress | -   | -                            | -                                 | 43,157            | 47,178                                    |
|                              | <u>\$ 326,032</u>   | <u>\$ 31,490</u>             | <u>\$ (6,443)</u>                 | <u>\$ 351,079</u> | <u>\$ 414,196</u>                         |

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Note 4 Capital Assets (continued)

(a) Leased equipment

Equipment was acquired through capital leases at a cost of \$849,000 (2008 \$602,000) with accumulated amortization of \$717,000 (2008 \$443,000).

Capital assets were funded from the following sources:

|   | 2009             | 2008             |
|---|------------------|------------------|
| Short-term debt   | \$ 425           | \$ 425           |
| Long-term debt  | 441              | 451              |
| Unamortized external capital contributions                  | 379,339          | 389,842          |
| Investment in capital assets from internally funded sources | <u>33,989</u>    | <u>31,167</u>    |
|   | <u>\$414,194</u> | <u>\$421,885</u> |

Note 5 Loans - Continuing Care Partnership Projects

|                                    | 2009            | 2008            |
|------------------------------------|-----------------|-----------------|
| Loans receivable                   |                 |                 |
| Continuum Healthcare Corporation   | \$ 122          | \$ 157          |
| Michener Hill Village              | 7,563           | 1,314           |
| Voluntary health service providers | <u>18,528</u>   | <u>19,185</u>   |
|                                    | <u>\$26,213</u> | <u>\$20,656</u> |

The Region has a non-interest bearing forgivable loan with Continuum Healthcare Corporation initiated under the Healthy Aging Partnership Initiative. During the year, \$35,416 (2008 \$35,872) was forgiven under the terms of the agreement.

The Region has signed contracts with three voluntary health service providers under the Private Public Partnership Initiative (P3) and Health Aging Partnership Initiative (HAPI) to build and operate continuing care and assisted living facilities within the region. The Region uses the forgivable mortgage model for reporting the contribution and advancement of funds. The provincial government supports partnerships between the Region and private, public or voluntary organizations by providing a one-time, up-front capital grant. The Region in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner as per the terms of the contract. During the year, \$657,047 (2008 \$657,047) was forgiven on the loans receivable and has been recorded in the facility based continuing care services expense.

Pursuant to these contracts, interest has been charged at the bank prime rate (2.50% at March 31, 2009) plus 2% on the loans receivable for a total of \$1,189,171 (2008 \$1,642,844). This amount is included in investment income. The interest has been forgiven and \$1,189,171 (2008 \$1,642,844) has been recorded in the facility based continuing care services expense. The remaining balance of the loans will be forgiven on a straight-line basis or repaid over a term of 30 years.

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**Note 6 Other Assets**

|                         | <u>2009</u>  | <u>2008</u>  |
|-------------------------|--------------|--------------|
| Laboratory Lean Project | \$132        | \$265        |
| Mineral rights          | 24           | 24           |
| Cooperative's shares    | 3            | 3            |
| Accrued pension benefit | <u>505</u>   | <u>536</u>   |
|                         | <u>\$664</u> | <u>\$828</u> |

The accrued pension benefit relates to the Supplementary Executive Retirement Plan, which is fully funded (Note 10).

**Note 7 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

|                                     | <u>2009</u>     | <u>2008</u><br>(Restated)<br>(Note 21) |
|-------------------------------------|-----------------|--|
| Inpatient Acute Care Nursing        | \$ 398          | \$ -                                   |
| Emergency and Outpatient Services   | 2,795           | 4,286                                  |
| Continuing Care Services            | 1,433           | 1,607                                  |
| Community-based Services            | 4,484           | 6,273                                  |
| Diagnostic and Therapeutic Services | 1,280           | 1,179                                  |
| Promotion, Prevention & Protection  | 1,450           | 1,208                                  |
| Research and Education              | 163             | 223                                    |
| Information Technology Programs     | 15,378          | 710                                    |
| Support Services                    | 396             | 684                                    |
| Alberta Infrastructure              | 20,931          | 11,276                                 |
| Pandemic Supplies                   | 2,710           | 2,759                                  |
| Human Resources Projects            | 8,555           | -                                      |
| Special Purpose Funds - Donations   | 8,771           | 8,676                                  |
| Other                               | <u>23</u>       | <u>2</u>                               |
| Total                               | <u>\$68,767</u> | <u>\$38,883</u>                        |

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**Note 8 Deferred Capital Contributions**

Balance at the end of the year is restricted for the following purposes:

|                       | <u>2009</u>     | <u>2008</u>      |
|-----------------------|-----------------|------------------|
| Equipment replacement | \$ 558          | \$ 6,242         |
| New construction      | <u>5,403</u>    | <u>12,296</u>    |
|                       | <u>\$ 5,961</u> | <u>\$ 18,538</u> |

**Note 9 Long-term Debt**

|  | <u>2009</u>       |               | <u>2008</u>       |               |
|--|-------------------|---------------|-------------------|---------------|
|  | <u>Fair Value</u> | <u>Cost</u>   | <u>Fair Value</u> | <u>Cost</u>   |
| Bank loan <sup>(1)</sup>                       | \$ 326            | \$ 326        | \$ 388            | \$ 388        |
| Obligations under capital lease <sup>(2)</sup> | <u>115</u>        | <u>115</u>    | <u>63</u>         | <u>63</u>     |
|  |                   | 441           |                   | 451           |
| Current portion                                |                   | <u>(179)</u>  |                   | <u>(125)</u>  |
|  |                   | <u>\$ 262</u> |                   | <u>\$ 326</u> |

Future principal payments are estimated for the year ended March 31:

|                     | <u>Bank Loan</u> | <u>Capital Lease</u> | <u>Total</u> |
|---------------------|------------------|----------------------|--------------|
| 2010                | 64               | 115                  | 179          |
| 2011                | 67               | -                    | 67           |
| 2012                | 70               | -                    | 70           |
| 2013                | 72               | -                    | 72           |
| 2014 and thereafter | <u>53</u>        | <u>-</u>             | <u>53</u>    |
|                     | <u>\$326</u>     | <u>\$115</u>         | <u>\$441</u> |

(1) The bank loan is due in monthly installments of \$6,367 including interest at 3.85% (rate term expires on June 1, 2009). It is secured by a general assignment of book debts and matures November 2010 and is renewed annually, amortized to 2018.

(2) The capital lease expires on November 30, 2009. The implicit interest rate payable on the lease is 3%.

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**Note 10 Long-Term Employee Benefits**

**(a) Supplementary Executive Retirement Plan**

|   | 2009            | 2008            |
|---|-----------------|-----------------|
| <b>Accrued benefit obligation</b>   |                 |                 |
| Accrued obligation, beginning of year   | \$ 1,305        | \$ 1,221        |
| Current service cost  | 90              | 112             |
| Interest cost   | 71              | 70              |
| Prior service cost  | -               | 1               |
| Actuarial gain  | (174)           | (80)            |
| Benefit payments  | (42)            | (19)            |
| Accrued benefit obligation, end of year   | <u>\$ 1,250</u> | <u>\$ 1,305</u> |
| <b>Reconciliation of funded status of accrued benefit asset/liability</b>   |                 |                 |
| Funded status of plan   | 362             | 165             |
| Unamortized actuarial loss (gain)   | (6)             | 147             |
| Unamortized prior service costs   | -               | 1               |
| Unamortized initial obligation  | 149             | 223             |
| Accrued benefit asset   | <u>\$ 505</u>   | <u>\$ 536</u>   |
| Current service cost  | 90              | 113             |
| Interest cost   | 71              | 69              |
| Amortization of prior service costs   | 74              | 78              |
| Amortization of net actuarial loss  | 27              | 18              |
| Expected return on plan assets  | (39)            | (33)            |
| Benefit cost  | <u>\$ 223</u>   | <u>\$ 245</u>   |
| <b>Significant actuarial assumptions are as follows:</b>  |                 |                 |
| Discount rate   | 6.2%            | 5.2%            |
| Expected return on plan assets  | 3.1%            | 2.6%            |
| Expected average remaining service life of employees  | 9 years         | 9 years         |
| Salary increase   | 4.0%            | 4.0%            |
| The above information is based on the actuarial valuation performed at March 31, 2009.<br>The Region's SERP is fully funded on an annual basis. |                 |                 |
| <b>Plan assets (held by trustee)</b>  |                 |                 |
| Employer contributions - fair value of assets at March 31   | 766             | 731             |
| <b>Plan assets (held by Canada Revenue Agency)</b>  |                 |                 |
| Employer contributions paid by refundable taxes   | 846             | 738             |
| Total plan assets   | <u>\$ 1,612</u> | <u>\$ 1,469</u> |
| Funded status of plan   | <u>\$ 362</u>   | <u>\$ 165</u>   |

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**Note 10 Long-Term Employee Benefits (continued)**

**(b) Pension Expense**

Pension expense in these financial statements is equal to the Region's annual contributions of \$24,481,000 for the year ended March 31, 2009 (2008 \$21,424,000).

At December 31, 2008, the Local Authorities Pension Plan reported an actuarial deficit of \$4,413,971,000 (2007 deficit \$1,183,344,000).

**Note 11 Accumulated (Deficit) surplus**

The Region's accumulated (deficit) surplus comprises of the following:

|                               | 2009               | 2008            |
|-------------------------------|--------------------|-----------------|
| Accumulated (deficit) surplus | <u>\$ (25,492)</u> | <u>\$ 8,678</u> |

The Region has reported an accumulated deficit at March 31. Per Alberta Regulation 15/95 of the RHA Act, Alberta Health Services will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

**Note 12 Commitments and Contingencies**

The Region is contingently liable for the buyback of 27 assisted living units at the option of and at 90% of the original cost to the purchaser. The average cost is \$100,000 per unit. However, management feels that these units could be resold and costs recovered and that realistically, the possibility of having to purchase back all units simultaneously is highly improbable. As at March 31, 2009, the Region was negotiating the sale of vacant units and the buy-back obligations on all other units with an arm's length not for profit organization.

The Region contracts on an ongoing basis with voluntary and private health service operators to provide health services in the region. The Region has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009. Contracted continuing care services total \$29,433,000 on an annual basis, subject to inflation and service requirements.

The Region is currently in the process of developing a new P3 project, Michener Hill Village, that would replace the 220 continuing care beds in Valley Park Manor and Red Deer Nursing Home. Funding in the amount of \$21,401,000 was received and cost to date total \$7,563,853.

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**Note 12 Commitments and Contingencies (continued)**

The Region has committed to capital upgrade projects at the Rimbey Health Centre in the amount of \$20,000,000. Total costs to date are \$17,699,005 and total contributions to date are \$20,000,000.

The Region has committed to capital projects at the Red Deer Regional Hospital Cancer Centre, Red Deer Community Health Centre and the Michener Centre Site (Red Deer) in the amount of \$82,400,000. Total costs to date are \$21,581,518 and contributions to date total \$21,600,000.

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to any pending litigation, the Region believes there will be no material adverse effect on its financial position.

**Note 13 Budget**

The budget was approved by Senior Management of the Region, and was submitted to Alberta Health and Wellness and Alberta Health Services.

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**Note 14 Alberta Health and Wellness Contributions**

|  | 2009              | 2008<br>(Restated)<br>(Note 21) |
|--|-------------------|---------------------------------|
| Unrestricted contributions   | \$ 549,494        | \$ 558,390                      |
| Restricted contributions   | 37,706            | 65,186                          |
| Transfers to deferred contributions  | (7,971)           | (15,076)                        |
| Transfers to deferred capital contributions  | (18,282)          | (50,110)                        |
| Transfer to RSHIP project  | (1,500)           | -                               |
| Transfers from deferred contributions  | 18,290            | 15,778                          |
| Transfers from deferred capital contributions  | 1,336             | 10                              |
| Share of project funds held in trust (Note 20)   | 35                | 201                             |
| Share of Primary Care Networks   | 2,367             | 1,445                           |
| Restricted contributions made by Alberta Health and Wellness directly to other health service operators on the Region's behalf | 4,216             | 1,241                           |
|  | <u>\$ 585,691</u> | <u>\$ 577,065</u>               |

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**Note 15 Other Government Contributions**

|   | 2009             | 2008             |
|---|------------------|------------------|
| Unrestricted Alberta Infrastructure   | \$ -             | \$ 5,220         |
| Fair value of rent less rent charges for non-acute care facilities used by the Region | 619              | 551              |
| Transfers from deferred contributions   | 4,151            | 2,763            |
| Transition grant from East Central Health Region (Note 23)                            | 2,707            | -                |
| EMS Transition Grant from East Central Health Region                                  | 133              | -                |
| Transfers from deferred capital contributions   | -                | 769              |
| Workers Compensation Board - refund   | 1,352            | 1,746            |
| Alberta Cancer Board  | 687              | 624              |
| Other   | 728              | -                |
|   | <u>\$ 10,377</u> | <u>\$ 11,673</u> |

**Note 16 Ancillary Operations**

|                                       | 2009            |                 |                      |  | 2008            |                 |                      |  |
|---------------------------------------|-----------------|-----------------|----------------------|--|-----------------|-----------------|----------------------|--|
|                                       | Revenue         | Direct Expenses | Amortization Expense | Excess (Deficiency) of Revenue over Expenses | Revenue         | Direct Expenses | Amortization Expense | Excess (Deficiency) of Revenue over Expenses |
| Non-patient food services             | \$ 1,487        | \$ 1,724        | \$ 1                 | \$ (238)                                     | \$ 1,798        | \$ (143)        |                      |  |
| Assisted living condos <sup>(1)</sup> | 3               | 57              | -                    | (54)   | 103             | 49              |                      |  |
| Parking operations                    | 1,250           | 851             | -                    | 399  | 1,189           | 232             |                      |  |
| David Thompson Dispensary             | 1,607           | 1,709           | -                    | (102)  | 1,654           | (30)            |                      |  |
| TV and telephones                     | 116             | 65              | -                    | 51   | 120             | 61              |                      |  |
|                                       | <u>\$ 4,463</u> | <u>\$ 4,406</u> | <u>\$ 1</u>          | <u>\$ 56</u>                                 | <u>\$ 4,864</u> | <u>\$ 169</u>   |                      |  |

(1) Includes Designated Assisted Living:  
Housing/hoteling component for only those facilities owned by a health region

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For the Year Ended March 31, 2009  
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**Note 17 Investment and Other Income**

|   | 2009             | 2008<br>(Restated)<br>(Note 21) |
|---|------------------|---------------------------------|
| Investment income                       | \$ 4,028         | \$ 3,938                        |
| Unrealized investment losses recognized | (400)            | -                               |
| Other income                            | <u>12,925</u>    | <u>11,098</u>                   |
|   | <u>\$ 16,553</u> | <u>\$ 15,036</u>                |

Investment income is comprised of interest, dividends, and net gains and losses on disposal of investments.

Other income is comprised of revenue from various programs and revenue and expense recoveries external to the Region.

**Note 18 Changes in Non-cash Operating Working Capital**

|   | 2009             | 2008<br>(Restated)<br>(Note 21) |
|---|------------------|---------------------------------|
| Accounts receivable   | \$ 3,706         | \$ 1,730                        |
| Contributions receivable from Alberta Health and Wellness     | 205              | 5,103                           |
| Inventories   | (810)            | 449                             |
| Prepaid expenses  | 746              | 523                             |
| Loans - continuing care partnership projects                  | (5,557)          | (622)                           |
| Other assets  | 164              | (282)                           |
| Accounts payable and accrued liabilities                      | 14,596           | (1,643)                         |
| Accrued vacation pay  | 2,226            | 1,792                           |
| Deferred contributions  | 29,884           | 11,584                          |
| Deferred contributions - continuing care partnership projects | (311)            | 20,842                          |
|   | <u>\$ 44,849</u> | <u>\$ 39,476</u>                |

David Thompson Health Region  
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Note 19 Related Parties

(a) Province of Alberta and Health Regions

The Minister of Health and Wellness appoints the members of the Alberta Health Services Board. The Board is economically dependent on the Ministry of Health and Wellness since the viability of its operations depends on contributions from the Ministry.

The Region had the following transactions with other regional health authorities and provincial health boards recorded on the Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

| 2009     |          |            |          | 2008     |          |            |          |
|----------|----------|------------|----------|----------|----------|------------|----------|
| Revenue  | Expense  | Receivable | Payable  | Revenue  | Expense  | Receivable | Payable  |
| \$ 6,081 | \$ 3,123 | \$ 3,239   | \$ 5,007 | \$ 3,635 | \$ 1,280 | \$ 6,974   | \$ 6,557 |

(b) Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions, Aspen Health Region, Chinook Health Region, David Thompson Health Region, East Central Health Region, Northern Lights Health Region, Palliser Health Region, and Peace Country Health Region, have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

|                                     | 2009     | 2008     |
|-------------------------------------|----------|----------|
| Alberta Health and Wellness funding | \$ 2,949 | \$ 3,607 |
| Health Region contribution          | 948      | 3,688    |
| Total                               | \$ 3,897 | \$ 7,295 |
| Reported as follows:                |          |          |
| Expenses                            | \$ 1,285 | \$ 1,700 |
| Capital assets                      | 1,449    | 5,595    |
| Total                               | \$ 2,734 | \$ 7,295 |

David Thompson Health Region  
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Note 19 Related Parties (continued)

(c) Primary Care Networks

The Region's interest in its Primary Care Networks (joint ventures) are included in the financial statements under the proportionate consolidation method at the following percentages:

|   |     |
|---|-----|
| Provost - Consort Primary Care Network  | 25% |
| 1202762 Alberta Ltd. - Operating as Rocky Mountain House Primary Care Network | 50% |
| 1191451 Alberta Ltd. - Operating as Red Deer Primary Care Network             | 50% |
| Big Country Primary Care Network  | 50% |
| Wolf Creek Primary Care Network   | 50% |

Audited financial statements were not available from the Primary Care Networks at the time of preparation of these financial statements.

(d) Foundations

The Region has an economic interest in the following foundations:

|   | Contributions Received by the Region |          |
|---|--------------------------------------|----------|
|   | 2009                                 | 2008     |
| David Thompson Health Region Foundation   | \$ 1,226                             | \$ 1,522 |
| Wenaskiwin Health Foundation              | 208                                  | 352      |
| Drayton Valley Health Services Foundation | 337                                  | 248      |
| Stettler Health Services Foundation       | 139                                  | 60       |
| Coronation Health Centre Foundation       | 12                                   | 47       |
| Drumheller Area Health Foundation         | 153                                  | 113      |
| Consort Hospital Foundation               | -                                    | 5        |
|   | \$ 2,075                             | \$ 2,547 |

Contributions are comprised of externally restricted amounts for equipment, programs, research and education.



David Thompson Health Region  
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Note 19 Related Parties (continued)

(d) Foundations (continued)

Included in accounts receivable are amounts owing from the foundations at year-end as follows:

|  | 2009          | 2008          |
|--|---------------|---------------|
| David Thompson Health Region Foundation  | \$ 504        | \$ 226        |
| Wetaskiwin Health Foundation             | 41            | 409           |
| Dryden Valley Health Services Foundation | 9             | 13            |
| Coronation Health Centre Foundation      | 5             | 13            |
| Stettler Health Services Foundation      | 34            | -             |
| Drumheller Area Health Foundation        | -             | 14            |
|  | <u>\$ 593</u> | <u>\$ 675</u> |

Resources of the foundations are restricted by donors for the exclusive use of the hospital or care centre in the community in which the foundation resides.

Audited financial statements were not available from the foundations at the time of preparation of these financial statements. Additional preliminary information for the David Thompson Health Region Foundation is provided as follows:

|                             | 2009            | 2008            |
|-----------------------------|-----------------|-----------------|
| Assets                      | \$ 8,754        | \$ 8,379        |
| Liabilities                 | 234             | 393             |
| Net Assets                  | <u>8,520</u>    | <u>7,986</u>    |
| Revenue                     | 5,741           | 3,192           |
| Expense                     | 4,892           | 1,633           |
| Excess                      | <u>849</u>      | <u>1,559</u>    |
| Resources held at March 31: |                 |                 |
| Externally restricted       | 7,913           | 7,236           |
| Unrestricted                | 607             | 750             |
|                             | <u>\$ 8,520</u> | <u>\$ 7,986</u> |

David Thompson Health Region  
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Note 19 Related Parties (continued)

(e) Contracts with Health Service Providers

The Region has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

|  | 2009                               |                                  |                  | 2008                               |                                  |                  |
|--|------------------------------------|----------------------------------|------------------|------------------------------------|----------------------------------|------------------|
|  | Voluntary Health Service Providers | Private Health Service Providers | Total            | Voluntary Health Service Providers | Private Health Service Providers | Total            |
| Direct Region funding                      | \$ 19,524                          | \$ 25,589                        | \$ 45,113        | \$ 18,113                          | \$ 22,297                        | \$ 40,410        |
| Direct Alberta Health and Wellness funding | -                                  | 184                              | 184              | -                                  | 184                              | 184              |
| Fees and charges                           | 4,150                              | 1,758                            | 5,908            | 4,189                              | 1,730                            | 5,919            |
| Total                                      | <u>\$ 23,674</u>                   | <u>\$ 27,531</u>                 | <u>\$ 51,205</u> | <u>\$ 22,302</u>                   | <u>\$ 24,211</u>                 | <u>\$ 46,513</u> |

Note 20 Trust Funds

- (a) The Region received funds in trust from Alberta Health and Wellness for the Regional Shared Health Information Program. These amounts are not reported in these financial statements.

During the year, the Region received \$7,421,617 (2008 \$1,400,000) and disbursed \$2,249,484 (2008 \$11,922,133) for costs relating to the project. The Region shows revenue equal to its share of the expenses in the amount of \$1,285,380. The funds held by the Region is \$0 (2008 deficit \$5,172,133).

- (b) The Region received funds in trust from Alberta Health and Wellness for implementation of Continuing Care Health Service Standards for Health Care Aide Education. These amounts are not reported in these financial statements.

During the year, the Region received \$0 (2008 \$0) and disbursed \$0 (2008 \$2,595,380) for costs relating to the project. The Region showed revenue equal to its share of the expenses in the amount of \$34,409. The balance of funds held by the Region is \$247,020 (2008 \$247,020).

David Thompson Health Region  
Notes to the Consolidated Financial Statements  
For the Year Ended March 31, 2009  
(Tabular amounts in thousands of dollars)

**Note 21 Restatement of Prior Year Figures**

(a) Based on new information provided to the Region, it has been determined that the Region has joint control over the Primary Care Networks. Accordingly, the Primary Care Networks have been included in the Financial Statements of the Region retroactively, using the proportionate consolidation method. This resulted in the following changes to the Financial Statements as reported for March 31, 2008:

|  | March 31, 2008<br>as Originally<br>Stated | Adjustment      | March 31, 2008<br>as<br>Restated |
|--|---|-----------------|----------------------------------|
| <b>Statement of Financial Position:</b>    |   |                 |                                  |
| Cash and investments                       | \$ 79,941                                 | \$ 3,427        | \$ 83,368                        |
| Accounts receivable                        | 17,734                                    | 83              | 17,817                           |
| Prepaid expenses                           | 2,061                                     | 2               | 2,063                            |
| Capital assets                             | 421,742                                   | 143             | 421,885                          |
|  | <u>\$ 521,478</u>                         | <u>\$ 3,655</u> | <u>\$ 525,133</u>                |
| Accounts payable and accrued liabilities   | \$ 45,279                                 | \$ 176          | \$ 45,455                        |
| Deferred contributions                     | 35,547                                    | 3,336           | 38,883                           |
| Unamortized external capital contributions | 389,699                                   | 143             | 389,842                          |
|  | <u>\$ 470,525</u>                         | <u>\$ 3,655</u> | <u>\$ 474,180</u>                |
| <b>Statement of Operations:</b>            |   |                 |                                  |
| Alberta Health and Wellness contributions  | \$ 575,620                                | \$ 1,445        | \$ 577,065                       |
| Investment and other income                | 14,854                                    | 182             | 15,036                           |
| Amortized external capital contributions   | 24,654                                    | 43              | 24,697                           |
|  | <u>\$615,128</u>                          | <u>\$1,670</u>  | <u>\$616,798</u>                 |
| Community-based care                       | <u>\$ 28,023</u>                          | <u>\$ 1,670</u> | <u>\$ 29,693</u>                 |

(b) The Consolidated Statement of Cash Flows has also been restated to correct for an error in 2008. Changes in non-cash operating working capital has been increased, and capital contributions received has been decreased, by \$8,179,000.

David Thompson Health Region  
Notes to the Consolidated Financial Statements  
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**Note 22 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board and Alberta Alcohol and Drug Abuse Commission (AADAC). Effective April 1, 2009, all the entities including the Region but excluding East Central Health were disestablished and all the assets, liabilities, rights and obligations of these entities including the Region were assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

**Note 23 Transition and Restructuring Expenses**

As at March 31, 2009, the Region recorded incremental transition and restructuring expenses, related to the transition to AHS, consisting of severance costs and termination benefits (Schedule 2). In the Consolidated Statement of Operations, these expenses are included in Administration. Additional incremental expenses related to the transition to AHS are also reported and disclosed in the financial statements of East Central Health.

|                                | Severance-<br>Related |
|--------------------------------|-----------------------|
| Liability as at March 31, 2008 | \$ -                  |
| Expenses                       | 2,707                 |
| Payments made during the year  | (1,546)               |
| Liability as at March 31, 2009 | <u>\$ 1,161</u>       |

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described above.

**Note 24 Comparative Figures**

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

**Note 25 Approval of Financial Statements**

These consolidated financial statements have been approved by the Alberta Health Services Board.

## Schedule 1

David Thompson Health Region  
Consolidated Schedule of Expenses by Object  
For the Year Ended March 31, 2009  
(thousands of dollars)

|  | 2009              |                   | 2008              |
|--|-------------------|-------------------|-------------------|
|  | Budget            | Actual            | Actual            |
|  | (Unaudited)       |                   | (Restated)        |
| Salaries and benefits (Schedule 2)                   | \$ 454,165        | \$ 466,725        | \$ 415,681        |
| Contracts with health service operators (Note 19(e)) | 51,779            | 51,205            | 46,513            |
| Drugs and gases                                      | 14,331            | 13,891            | 13,622            |
| Medical and surgical supplies                        | 15,883            | 16,119            | 14,935            |
| Other contracted services                            | 36,048            | 44,508            | 34,699            |
| Interest on long-term debt                           | 19                | 20                | 28                |
| Other <sup>(1)</sup>                                 | 86,402            | 90,209            | 80,769            |
| Amortization:  |                   |                   |                   |
| Capital equipment - internally funded                | 5,900             | 5,157             | 4,825             |
| Capital equipment - externally funded                | 12,076            | 9,978             | 8,666             |
| Facilities and improvements - internally funded      | 367               | 330               | 329               |
| Facilities and improvements - externally funded      | 16,336            | 16,061            | 16,031            |
|  | <u>\$ 693,306</u> | <u>\$ 714,203</u> | <u>\$ 636,098</u> |
| <sup>(1)</sup> Other:                                |                   |                   |                   |
| Building and equipment maintenance                   |                   | \$ 21,212         | \$ 17,662         |
| Diagnostic and therapeutic supplies                  |                   | 7,306             | 5,729             |
| Dietary supplies                                     |                   | 7,423             | 6,687             |
| Insurance  |                   | 1,810             | 1,733             |
| Minor equipment purchases                            |                   | 2,362             | 1,721             |
| Patient transport and staff travel                   |                   | 11,748            | 11,518            |
| Rental or lease of building and equipment            |                   | 6,972             | 5,919             |
| Utilities  |                   | 12,174            | 12,054            |
| Other  |                   | 19,202            | 17,746            |
|  |                   | <u>\$ 90,209</u>  | <u>\$ 80,769</u>  |

The accompanying notes and schedules are an integral part of these consolidated financial statements

David Thompson Health Region  
Schedule of Salaries and Benefits  
For the Year Ended March 31, 2009  
(thousands of dollars)

|                                    | 2009                             |                            |                                       |  |           | 2008                     |          |           |                                  |            |
|------------------------------------|----------------------------------|----------------------------|---------------------------------------|--|-----------|--------------------------|----------|-----------|----------------------------------|------------|
|                                    | Number of<br>FTEs <sup>(a)</sup> | Base Salary <sup>(a)</sup> | Other Cash<br>Benefits <sup>(a)</sup> | Other Non-Cash<br>Benefits <sup>(a)(b)</sup> | Sub Total | Severance <sup>(a)</sup> |          | Total     | Number of<br>FTEs <sup>(a)</sup> | Total      |
|                                    |                                  |                            |                                       |  |           | Number of<br>FTEs        | Amount   |           |                                  |            |
| <b>Board Chair<sup>(a)</sup></b>   |                                  |                            |                                       |  |           |                          |          |           |                                  |            |
| Ken Hughes - AHS                   | 0.88                             | \$                         | -                                     | \$   | -         | \$                       | -        | -         | -                                | -          |
| Jean Graham                        | 0.12                             | -                          | 13                                    | -  | 13        | -                        | -        | 13        | 1.00                             | 41         |
| <b>Board Members<sup>(a)</sup></b> |                                  |                            |                                       |  |           |                          |          |           |                                  |            |
| Jack Ady - AHS                     | 0.88                             | -                          | -                                     | -  | -         | -                        | -        | -         | -                                | -          |
| Pierre Crovatin - AHS              | 0.21                             | -                          | -                                     | -  | -         | -                        | -        | -         | -                                | -          |
| Catherine Roosen - AHS             | 0.63                             | -                          | -                                     | -  | -         | -                        | -        | -         | -                                | -          |
| Linda Hobel - AHS                  | 0.88                             | -                          | -                                     | -  | -         | -                        | -        | -         | -                                | -          |
| John Lehnert - AHS                 | 0.88                             | -                          | -                                     | -  | -         | -                        | -        | -         | -                                | -          |
| Irene Lewis - AHS                  | 0.88                             | -                          | -                                     | -  | -         | -                        | -        | -         | -                                | -          |
| Don Sichen - AHS                   | 0.88                             | -                          | -                                     | -  | -         | -                        | -        | -         | -                                | -          |
| Lori Andrechuk - AHS               | 0.33                             | -                          | -                                     | -  | -         | -                        | -        | -         | -                                | -          |
| Gord Bontje - AHS                  | 0.33                             | -                          | -                                     | -  | -         | -                        | -        | -         | -                                | -          |
| Teri Lynn Bougie - AHS             | 0.33                             | -                          | -                                     | -  | -         | -                        | -        | -         | -                                | -          |
| Jim Clifford - AHS                 | 0.33                             | -                          | -                                     | -  | -         | -                        | -        | -         | -                                | -          |
| Stewart Crawford - AHS             | 0.33                             | -                          | -                                     | -  | -         | -                        | -        | -         | -                                | -          |
| Tony Franceschini - AHS            | 0.33                             | -                          | -                                     | -  | -         | -                        | -        | -         | -                                | -          |
| Andrew Laupacis - AHS              | 0.33                             | -                          | -                                     | -  | -         | -                        | -        | -         | -                                | -          |
| Gord Winkel - AHS                  | 0.33                             | -                          | -                                     | -  | -         | -                        | -        | -         | -                                | -          |
| Colleen Andersen                   | 0.12                             | -                          | 3                                     | -  | 3         | -                        | -        | 3         | 1.00                             | 23         |
| Clavin Bergman                     | 0.12                             | -                          | 3                                     | -  | 3         | -                        | -        | 3         | 1.00                             | 12         |
| Michael Dene                       | 0.12                             | -                          | 3                                     | -  | 3         | -                        | -        | 3         | 1.00                             | 13         |
| Don Fowler                         | 0.12                             | -                          | 3                                     | -  | 3         | -                        | -        | 3         | 1.00                             | 16         |
| Irene Gattini                      | 0.12                             | -                          | 4                                     | -  | 4         | -                        | -        | 4         | 1.00                             | 11         |
| R. Sylvia Gillespie                | 0.12                             | -                          | 3                                     | -  | 3         | -                        | -        | 3         | 1.00                             | 12         |
| Werna Moore                        | 0.12                             | -                          | 7                                     | -  | 7         | -                        | -        | 7         | 1.00                             | 21         |
| Wayne Notley                       | 0.12                             | -                          | 5                                     | -  | 5         | -                        | -        | 5         | 1.00                             | 15         |
| Brent Pedersen                     | 0.12                             | -                          | 4                                     | -  | 4         | -                        | -        | 4         | 1.00                             | 15         |
| Helen Posti                        | 0.12                             | -                          | 4                                     | -  | 4         | -                        | -        | 4         | 1.00                             | 14         |
| Kathy Roeselers                    | 0.12                             | -                          | 5                                     | -  | 5         | -                        | -        | 5         | 1.00                             | 26         |
| Sheila J. Taylor                   | 0.12                             | -                          | 5                                     | -  | 5         | -                        | -        | 5         | 1.00                             | 16         |
| Robert G. Thompson                 | 0.12                             | -                          | 4                                     | -  | 4         | -                        | -        | 4         | 1.00                             | 11         |
| Dorothy Ungstad                    | 0.12                             | -                          | 5                                     | -  | 5         | -                        | -        | 5         | 1.00                             | 12         |
| <b>Sub-total</b>                   | <b>10.56</b>                     | <b>\$</b>                  | <b>-</b>                              | <b>\$</b>                                    | <b>-</b>  | <b>\$</b>                | <b>-</b> | <b>\$</b> | <b>71</b>                        | <b>258</b> |

David Thompson Health Region  
Schedule of Salaries and Benefits  
For the Year Ended March 31, 2009  
(thousands of dollars)

|   | 2009                             |                            |                                       |  |                   | 2008                     |                 |                   |                                  |                   |
|---|----------------------------------|----------------------------|---------------------------------------|--|-------------------|--------------------------|-----------------|-------------------|----------------------------------|-------------------|
|   | Number of<br>FTEs <sup>(a)</sup> | Base Salary <sup>(b)</sup> | Other Cash<br>Benefits <sup>(c)</sup> | Other Non-Cash<br>Benefits <sup>(d)(e)</sup> | Sub-total         | Severance <sup>(g)</sup> |                 |                   | Number of<br>FTEs <sup>(a)</sup> | Total             |
|   |                                  |                            |                                       |  |                   | Number of<br>FTEs        | Amount          | Total             |                                  |                   |
| <b>Board Direct Reports<sup>(a)</sup></b>                                 |                                  |                            |                                       |  |                   |                          |                 |                   |                                  |                   |
| President and Chief Executive Officer - AHS <sup>(b)</sup>                | -                                | \$ -                       | \$ -                                  | \$ -   | \$ -              | -                        | \$ -            | \$ -              | -                                | \$ -              |
| Interim Chief Executive Officer - AHS <sup>(b)</sup>                      | -                                | -                          | -                                     | -  | -                 | -                        | -               | -                 | -                                | -                 |
| President & CEO <sup>(b)(c)</sup>   | 0.3                              | 97                         | 12                                    | 67   | 176               | 1.0                      | 970             | 1,146             | 1.00                             | 422               |
| <b>CEO Direct Reports<sup>(a)</sup></b>                                   |                                  |                            |                                       |  |                   |                          |                 |                   |                                  |                   |
| Sr. Vice President & COO - Health Services <sup>(b)(c)</sup>              | 0.5                              | 108                        | 3                                     | 40   | 151               | 1.0                      | 529             | 680               | 1.00                             | 282               |
| Vice President & COO - Corporate Services <sup>(b)(c)</sup>               | 1.0                              | 216                        | 4                                     | 46   | 266               | -                        | -               | 266               | 1.00                             | 254               |
| Vice President - Public Health <sup>(b)</sup>                             | 1.0                              | 167                        | 4                                     | 34   | 205               | -                        | -               | 205               | 1.00                             | 188               |
| Vice President - Capital Planning & Project<br>Development <sup>(b)</sup> | 1.0                              | 160                        | 4                                     | 37   | 201               | -                        | -               | 201               | 1.00                             | 189               |
| Vice President - Medicine   | 0.8                              | 252                        | 22                                    | 51   | 325               | -                        | -               | 325               | 0.79                             | 312               |
| Vice President - Communications & Public Relations                        | 0.8                              | 115                        | 2                                     | 25   | 142               | 1.0                      | 335             | 477               | 1.00                             | 161               |
| Executive Director - Corporate & Legislative Affairs <sup>(b)</sup>       | 1.0                              | 123                        | 4                                     | 24   | 151               | -                        | -               | 151               | 1.00                             | 130               |
| <b>Sub-total</b>  | <b>6.4</b>                       | <b>1,238</b>               | <b>33</b>                             | <b>334</b>                                   | <b>1,617</b>      | <b>3.0</b>               | <b>1,834</b>    | <b>3,451</b>      | <b>7.79</b>                      | <b>1,938</b>      |
| Other management persons reporting to those above <sup>(b)</sup>          | 38.3                             | 4,796                      | 39                                    | 916  | 5,751             | 4.0                      | 834             | 6,585             | 39.54                            | 5,787             |
| Other management  | 232.1                            | 22,736                     | 101                                   | 4,425  | 27,262            | -                        | -               | 27,262            | 235.65                           | 26,109            |
| Medical doctors not included above  | 3.5                              | 1,014                      | 15                                    | 86   | 1,115             | -                        | -               | 1,115             | 2.85                             | 932               |
| Regulated nurses not included above                                       |                                  |                            |                                       |  |                   |                          |                 |                   |                                  |                   |
| - RNs, Reg. Psych. nurses, and nurses                                     | 1,525.5                          | 111,812                    | 24,756                                | 22,471                                       | 159,039           | 1.0                      | 2               | 159,041           | 1,483.50                         | 146,665           |
| - LPNs  | 436.5                            | 21,911                     | 2,792                                 | 4,253  | 28,956            | -                        | -               | 28,956            | 425.27                           | 24,743            |
| Other health technical and professionals                                  | 1,037.0                          | 69,935                     | 4,151                                 | 13,990                                       | 88,096            | -                        | -               | 88,096            | 993.49                           | 77,458            |
| Unregulated health service providers                                      | 899.7                            | 32,289                     | 4,606                                 | 6,009  | 42,904            | 1.0                      | 8               | 42,912            | 839.35                           | 36,105            |
| Other staff   | 2,052.6                          | 86,930                     | 4,825                                 | 17,461                                       | 109,216           | -                        | -               | 109,216           | 1,981.03                         | 95,686            |
| <b>Total Staff</b>  | <b>6,225.2</b>                   | <b>351,463</b>             | <b>41,285</b>                         | <b>69,611</b>                                | <b>462,359</b>    | <b>6.0</b>               | <b>844</b>      | <b>463,203</b>    | <b>6,003.68</b>                  | <b>413,485</b>    |
| <b>Total honoraria and staff</b>  | <b>6,242.2</b>                   | <b>\$ 352,701</b>          | <b>\$ 41,411</b>                      | <b>\$ 69,935</b>                             | <b>\$ 464,047</b> | <b>9.0</b>               | <b>\$ 2,678</b> | <b>\$ 466,725</b> | <b>6,023.47</b>                  | <b>\$ 415,681</b> |

David Thompson Health Region  
Schedule of Salaries and Benefits  
For the Year Ended March 31, 2009  
(thousands of dollars)

Supplemental Executive Retirement Plan<sup>60</sup>

|   | 2009                 |                  |               | 2008          |   |                                      |   |  |
|---|----------------------|------------------|---------------|---------------|---|--------------------------------------|---|--|
|   | Current Service Cost | Other SERP Costs | Total         | Total         | Accrued Benefit Obligation March 31, 2008 | Change in Accrued Benefit Obligation | Accrued Benefit Obligation March 31, 2009 |  |
| President & CEO   | \$ 13                | \$ 52            | \$ 65         | \$ 90         | \$ 506                                    | \$ (27)                              | \$ 479                                    |  |
| Sr. Vice President & COO - Health Services              | 7                    | 17               | 24            | 31            | 193                                       | (14)                                 | 179                                       |  |
| Vice President & COO - Corporate Services               | 9                    | 10               | 19            | 20            | 138                                       | (4)                                  | 134                                       |  |
| Vice President - Public Health                          | 5                    | 1                | 6             | 6             | 32  | (1)                                  | 31  |  |
| Vice President - Capital Planning & Project Development | 5                    | 5                | 10            | 10            | 49  | 1                                    | 50  |  |
| Vice President - Medicine                               | 27                   | 2                | 29            | 24            | -   | 25                                   | 25  |  |
| Vice President - Communications & Public Relations      | 5                    | 1                | 6             | 2             | 3   | (3)                                  | -   |  |
| Other management persons reporting to those above       | 19                   | 45               | 64            | 62            | 384                                       | (32)                                 | 352                                       |  |
|   | <u>\$ 90</u>         | <u>\$ 133</u>    | <u>\$ 223</u> | <u>\$ 245</u> | <u>\$ 1,305</u>                           | <u>\$ (55)</u>                       | <u>\$ 1,250</u>                           |  |



David Thompson Health Region  
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance  
For the Year Ended March 31, 2009

- (a) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 11,817 (2008 10,487). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (b) Base salary includes pensionable base pay.
- (c) Other cash benefits include honoraria, bonuses, overtime and lump sum payments.
- (d) Other non-cash benefits include:
- Employer's current service and prior costs of supplementary executive retirement plan per (f) below.
  - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
  - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.
- (e) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (f) Supplemental Executive Retirement Plan (SERP)  
Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2(d) Employee Future Benefits and (Note 9) Long-term Employee Benefit Liabilities.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.

David Thompson Health Region  
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance  
For the Year Ended March 31, 2009

- (g) On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services ('AHS') interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- (h) Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- (i) On July 8, 2008 the Region's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- (j) CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Any title changes subsequent to July 8, 2008 are noted below.
- (k) These individuals are provided with an automobile allowance. Dollar amounts are included under (c) above.
- (l) Based on future SERP compensation benefits described under (f) above, the following schedule outlines pension income received by individuals who retired within the 2008-09 fiscal period:

| <u>Title</u>                               | <u>Pension Income</u> | <u>Elected Frequency</u> | <u>Term</u> |
|--|-----------------------|--------------------------|-------------|
| President & CEO                            | \$3,030               | Monthly                  | Indefinite  |
| Sr. Vice President & COO - Health Services | \$1,173               | Monthly                  | Indefinite  |

- (m) Effective November 1, 2008, the Vice President & Chief Operating Officer, Corporate Services was also appointed the Senior Vice President, Pharmacy & Diagnostic Services - AHS. Costs incurred are reported in the accounts of the Region.

**East Central Health**

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Financial Statements

March 31, 2009

**EAST CENTRAL HEALTH  
FINANCIAL STATEMENTS**

**MARCH 31, 2009**

Statement of Management Financial Responsibility

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Schedule 2 – Schedule of Salaries and Benefits

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Schedule 4 – Schedule of Assets, Liabilities and Net Assets Transferred to Alberta Health Services

EAST CENTRAL HEALTH  
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING  
FINANCIAL STATEMENTS  
MARCH 31, 2009



The accompanying financial statements are the responsibility of management and have been approved by senior management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes to review internal controls. This system offers management reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Region has established a code of ethics and corporate directives, which include communication of the code to employees.

Region members carry out their responsibility for the financial statements through the Audit and Finance Committee. This committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow him to report on the fairness of the financial statements prepared by management.

[Original signed]

Dr. Stephen Duckett  
Chief Executive Officer  
Alberta Health Services

[Original signed]

Alan F. Heyburn, CA  
Interim Chief Financial Officer  
East Central Health

[Original signed]

Chris Mazurkewich, CA  
Chief Financial Officer  
Alberta Health Services

Auditor's Report

To the Members of the Alberta Health Services Board  
and the Minister of Health and Wellness

I have audited the statement of financial position of East Central Health (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

**EAST CENTRAL HEALTH**  
**STATEMENT OF FINANCIAL POSITION**

**MARCH 31, 2009**

(In thousands)

|   | 2009<br>Actual    | 2008<br>Actual    |
|---|-------------------|-------------------|
| <b>ASSETS</b>   |                   |                   |
| Current:  |                   |                   |
| Cash, cash equivalents and investments (Note 3)             | \$ 129,925        | \$ 16,144         |
| Accounts receivable   | 6,635             | 7,824             |
| Contributions receivable from Alberta Health and Wellness   | 10,603            | 3,320             |
| Inventories   | 2,533             | 2,530             |
|   | 149,696           | 29,818            |
| Non current cash, cash equivalents and investments (Note 3) | 99,529            | 17,932            |
| Capital assets (Note 4)                                     | 142,821           | 135,057           |
| Other assets (Note 5)                                       | 396               | 825               |
| <b>TOTAL ASSETS</b>   | <b>\$ 392,442</b> | <b>\$ 183,632</b> |

**LIABILITIES AND NET ASSETS**

|  |                   |                   |
|--|-------------------|-------------------|
| Current:                                   |                   |                   |
| Accounts payable and accrued liabilities   | \$ 82,236         | \$ 20,047         |
| Accrued vacation pay                       | 8,590             | 7,180             |
| Deferred contributions (Note 6)            | 70,510            | 9,112             |
|  | 161,336           | 36,339            |
| Deferred contributions (Note 6)            | 230               | 220               |
| Deferred capital contributions (Note 7)    | 99,299            | 17,712            |
| Unamortized external capital contributions | 131,410           | 123,005           |
|  | 392,275           | 177,276           |
| <b>Net Assets</b>                          |                   |                   |
| Accumulated deficit (Note 20)              | (11,244)          | (5,696)           |
| Investment in capital assets               | 11,411            | 12,052            |
|  | 167               | 6,356             |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>    | <b>\$ 392,442</b> | <b>\$ 183,632</b> |

The accompanying notes and schedules are part of these financial statements.

**EAST CENTRAL HEALTH**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2009**

(In thousands)

|  | 2009<br>Budget<br>(Note 11) | 2009<br>Actual    | 2008<br>Actual    |
|--|-----------------------------|-------------------|-------------------|
| <b>Revenue</b>   |                             |                   |                   |
| Alberta Health and Wellness contributions (Note 12)        | \$ 240,165                  | \$ 322,968        | \$ 222,507        |
| Other government contributions (Note 13)                   | 2,100                       | 3,081             | 2,053             |
| Fees and charges   | 21,423                      | 22,115            | 20,464            |
| Ancillary operations (Note 14)                             | 677                         | 645               | 772               |
| Donations  | 10                          | 193               | 352               |
| Investment and other income (Note 15)                      | 4,758                       | 2,779             | 3,797             |
| Amortized external capital contributions                   | 7,964                       | 8,555             | 7,985             |
| <b>TOTAL REVENUE</b>                                       | <b>277,097</b>              | <b>360,336</b>    | <b>257,930</b>    |
| <b>Expenses (Schedule 1)</b>                               |                             |                   |                   |
| Inpatient acute nursing services                           | 46,410                      | 49,245            | 45,205            |
| Emergency and outpatient services                          | 10,223                      | 12,994            | 10,262            |
| Facility-based continuing care services                    | 45,942                      | 48,146            | 43,051            |
| Community-based care                                       | 15,063                      | 16,597            | 12,411            |
| Home care  | 23,397                      | 26,076            | 22,888            |
| Diagnostic and therapeutic services                        | 42,960                      | 45,386            | 39,569            |
| Promotion, prevention and protection services              | 7,385                       | 9,768             | 6,547             |
| Administration   | 17,272                      | 21,405            | 16,221            |
| Information technology                                     | 10,156                      | 9,796             | 9,303             |
| Support services   | 58,239                      | 60,171            | 50,987            |
| Amortization of facilities and improvements                | 3,893                       | 3,861             | 3,893             |
| Transition expenses (Note 19)                              | -                           | 66,196            | -                 |
| <b>TOTAL EXPENSES</b>                                      | <b>280,940</b>              | <b>369,641</b>    | <b>260,337</b>    |
| Deficiency of revenue over expenses before transfers       | (3,843)                     | (9,305)           | (2,407)           |
| Transfer of HBA Services (Note 9)                          | -                           | 3,116             | -                 |
| <b>Deficiency of revenue over expenses after transfers</b> | <b>\$ (3,843)</b>           | <b>\$ (6,189)</b> | <b>\$ (2,407)</b> |

**EAST CENTRAL HEALTH**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2009**

(in thousands)

|  | <u>2009</u>                    |   |               | <u>2008</u>     |
|--|--------------------------------|---|---------------|-----------------|
|  | <u>Accumulated<br/>Deficit</u> | <u>Investment in<br/>capital assets</u> | <u>Total</u>  | <u>Total</u>    |
| Balance at beginning of year                     | \$ (5,696)                     | \$ 12,052                               | \$ 6,356      | \$ 8,763        |
| Deficiency of revenue over expenses              | (6,189)                        | -                                       | (6,189)       | (2,407)         |
| Transfer of HBA Services (Note 9)                | (488)                          | 488                                     | -             | -               |
| Capital assets purchased with internal funds     | (2,215)                        | 2,215                                   | -             | -               |
| Amortization of internally funded capital assets | 3,344                          | (3,344)                                 | -             | -               |
| Balance at end of year                           | <u>\$ (11,244)</u>             | <u>\$ 11,411</u>                        | <u>\$ 167</u> | <u>\$ 6,356</u> |

The accompanying notes and schedules are part of these financial statements.



**EAST CENTRAL HEALTH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(In thousands)

|   | 2009       |            | 2008       |
|---|------------|------------|------------|
|   | Budget     | Actual     | Actual     |
| Cash generated from (used by):  |            |            |            |
| Operating activities:   |            |            |            |
| Deficiency of revenue over expenses                                   | \$ (3,843) | \$ (6,189) | \$ (2,407) |
| Non-cash transactions:  |            |            |            |
| Amortization (Schedule 1)   | 10,928     | 11,899     | 10,928     |
| Amortized external capital contributions                              | (7,964)    | (8,555)    | (7,965)    |
| Disposals - externally funded   | -          | -          | (21)       |
| (Gain)/Loss on disposal of capital equipment                          | -          | (5)        | 18         |
| Unrealized loss on investments (Note 15)                              | -          | 1,146      | 8          |
| Transfer of HBA Services Capital Assets (Note 9)                      | -          | (488)      | -          |
| Changes in non-cash working capital account                           | (3)        | 118,900    | 6,517      |
| Cash (used by) generated from operations                              | (882)      | 116,708    | 7,078      |
| Investing activities:   |            |            |            |
| Purchase of investments   | -          | (118,660)  | (16,692)   |
| Purchase of capital assets:   |            |            |            |
| internally funded - equipment   | (840)      | (2,215)    | (2,097)    |
| internally funded - work in progress                                  | -          | -          | (308)      |
| externally funded - equipment   | (2,500)    | (4,661)    | (2,842)    |
| externally funded - facilities and improvements                       | (14,000)   | (279)      | (154)      |
| externally funded - work in progress                                  | -          | (12,019)   | (23,403)   |
| Proceeds on sale of investments                                       | 6,500      | 12,557     | 19,310     |
| Proceeds on disposal of capital assets                                | -          | 5          | 3          |
| Increase (decrease) in other assets                                   | -          | 429        | (117)      |
| Allocations from non-current cash                                     | -          | 23,360     | 5,152      |
| Change in accounting policy   | -          | -          | 472        |
| Cash used by investing activities                                     | (10,840)   | (101,483)  | (20,676)   |
| Financing activities:   |            |            |            |
| Increase (decrease) in non-current deferred contributions             | -          | 10         | (299)      |
| Capital contributions received  | 10,000     | 98,546     | 19,121     |
| Cash generated from financing activities                              | 10,000     | 98,556     | 18,822     |
| Increase (decrease) in current cash, cash equivalents and investments | (1,722)    | 113,781    | 5,224      |
| Current cash, cash equivalents and investments, beginning of year     | 16,144     | 16,144     | 10,920     |
| Current cash, cash equivalents and investments, end of year           | \$ 14,422  | \$ 129,925 | \$ 16,144  |

The accompanying notes and schedules are part of these financial statements.

**EAST CENTRAL HEALTH**  
**NOTES TO THE FINANCIAL STATEMENTS**

**March 31, 2009**  
(In thousands)

**Note 1 Authority, Purpose and Operations**

East Central Health (the "Region") was established on June 24, 1994 under the Alberta Regional Health Authorities Act. The Region is a registered charity under the Income Tax Act and exempt from payment of income tax. Effective April 1, 2009, the Region will become Alberta Health Authority and will operate as Alberta Health Services ("AHS"). The Region will assume the assets and liabilities of the other regional health authorities, Alberta Mental Health Board, Alberta Cancer Board, and the Alberta Alcohol and Drug Abuse Commission (Note 18).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Region's operations include the following facilities and sites:

- Bashaw Community Health Services
- Bashaw Care Centre
- Camrose Community Health Services
- Camrose Mental Health Clinic
- Daysland Health Centre
- Galahad Care Centre
- Hardisty Health Centre
- Hardisty Mental Health Clinic
- Islay Care Centre
- Killam Mental Health Clinic
- Kitscoty Community Health Services
- Lamont Community Health Centre
- Mannville Care Centre
- Myrmam Home Care
- Provost Community Health Services
- Provost Health Centre
- Provost Mental Health Clinic
- Sedgewick Community Health Services
- Tofield Community Health Services
- Tofield Health Centre
- Tofield Mental Health Clinic
- Two Hills Health Centre
- Two Hills Community Health Services
- Vegreville Care Centre
- Vegreville Community Health Services
- Vegreville Mental Health Clinic
- Vermilion Community Health Services
- Vermilion Health Centre
- Vermilion Mental Health Clinic
- Viking Community Health Services
- Viking Health Centre
- Wainwright Community Health Services
- Wainwright Health Centre
- Wainwright Mental Health Clinic
- Willingdon Home Care

The financial statements do not include the assets, liabilities and operations of voluntary or

**Note 2 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

- (1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.
- (2) These financial statements were prepared on a consolidated basis and include the following:
  - (i) The Region uses the proportionate consolidation method to account for its 11.8% interest in the Regional Shared Health Information Program ("RSHIP") (Note 16(b)).
  - (ii) The Region uses the proportionate consolidation method to account for its 50% interest in the Canrose Local Primary Care Initiative and its 25% interest in the Provost - Consort Primary Care Network (Note 16(c)).
  - (iii) The financial statements do not include the assets, liabilities or operations of the foundations described in Note 16(d), which are controlled by the Region.
- (3) These financial statements use the deferral method, the key elements of which are:
  - (i) Unrestricted contributions are recognized as revenue in the year receivable.
  - (ii) Restricted non-capital contributions are recognized as revenue in the year in which the related expenses are incurred.
  - (iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.
  - (iv) Restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.
  - (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
  - (vi) Donations and contributions in kind are recorded at fair value where such value can reasonably be determined.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(b) Capital Disclosures**

Effective April 1, 2006, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Region defines capital as including deferred capital contributions, unamortized external capital contributions and investment in capital assets. The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services; and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funding is from Alberta Health and Wellness which is paid at the first of each month. As a result, significantly less working capital is required. The Region monitors working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants.

Where a Region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 20).

**(c) Full Cost**

The Region accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges and as the Region's contracted health service expense.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as they represent part of the Region's health program costs.
- (iii) Fair value for use of acute care facilities not owned by the Region is recorded as other government contributions or donations, and as program expense, since the Region's contract payments do not include amounts for use of these facilities.
- (iv) Fair value for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Other assets, supplies and services a health region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(d) Employee Future Benefits**

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where there is insufficient information to apply defined benefit plan accounting. Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The plan is fully funded.

**(e) Investments**

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are expensed. The purchase and sale of investments are accounted for using the settlement date accounting method.

**(f) Financial Instruments**

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations, deferred contributions or directly in net assets. "Loans and Receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

The Region has classified its financial assets and financial liabilities as follows:

| <u>Financial Assets and Liabilities</u>          | <u>Classification</u>       |
|--|-----------------------------|
| Cash and equivalents                             | Held for trading            |
| Investments                                      | Held for trading            |
| Accounts receivable and contributions receivable | Loans and receivables       |
| Accounts payable and accrued liabilities         | Other financial liabilities |
| Accrued vacation pay                             | Other financial liabilities |

The Region does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

The carrying value of the above approximates their fair value because of the short term nature of these items. Unless otherwise noted, it is management's opinion that the Region is not exposed to significant interest, current or credit risks arising from its financial instruments.

**(g) Inventories**

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost and current replacement cost.

The Region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (defined as moving average cost) and net realizable value.

**(h) Capital Assets**

Capital assets and work in progress are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

|                            | <u>Useful Life</u> |
|----------------------------|--------------------|
| Land improvements          | 20 years           |
| Buildings and improvements | 40 years           |
| Leasehold improvements     | 20 years           |
| Furniture and equipment    | 3-20 years         |

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

Capital assets with unit costs less than five thousand dollars are expensed. Work in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

**(i) Accounting Policy Changes**

The Canadian Institute of Chartered Accountants ("CICA") has issued new sources of generally accepted accounting principles which have not yet been applied but may impact the Region.

In December 2006, the CICA issued Section 3862 Financial Instruments Disclosures and Section 3863 Financial Instruments Presentation which replaces Section 3861 Financial Instruments Disclosure and Presentation. These standards will expand the disclosure requirements placing an increased emphasis on disclosures about the risks associated with recognized and unrecognized financial instruments and how those risks are managed. The Region will review these new standards and the impact, if any, will be reflected in the Region's financial statements for the year ended March 31, 2010.

In September 2008, the CICA issued new accounting standard Section 4470 - Disclosure of Allocated Expenses. This section takes effect for the Region beginning April 1, 2009. The standard requires the Region to disclose policies adopted for the allocation of fundraising and general support expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. The impact of this new standard will be reflected in the financial statements for the year ending March 31, 2010.

**(j) Measurement Uncertainty**

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. The Supplementary Retirement Plan obligation is based on actuarial calculations. The restructuring cost to transfer employees to the Local Authorities Pension Plan is based on assumptions and actuarial calculations. Actual results could differ from estimates.

**Note 3 Cash, cash equivalents and investments**

|   | 2009              |                   | 2008              |                  |
|---|-------------------|-------------------|-------------------|------------------|
|   | Fair Market Value | Cost              | Fair Market Value | Cost             |
| Cash and cash equivalents                           | \$ 220,468        | \$ 220,442        | \$ 23,482         | \$ 23,482        |
| Bonds   | 6,302             | 6,392             | 6,400             | 6,290            |
| Equities  | 2,684             | 3,773             | 4,194             | 4,312            |
| <b>Total</b>  | <b>\$ 229,454</b> | <b>\$ 230,607</b> | <b>\$ 34,076</b>  | <b>\$ 34,084</b> |
| Classified as:                                      |                   |                   |                   |                  |
| Current   | \$ 129,925        |                   | \$ 16,144         |                  |
| Non-current   | 99,529            |                   | 17,932            |                  |
| <b>Total cash, cash equivalents and investments</b> | <b>\$ 229,454</b> |                   | <b>\$ 34,076</b>  |                  |

- (a) To optimize returns at an acceptable risk level, management has established a policy asset mix of 5% to 20% for cash and cash equivalents, 50% to 80% for fixed-income investments, 10% to 20% for Canadian equities and 5% to 15% for foreign equities. Risk is reduced through diversification.

Fixed-income securities, such as bonds, have an effective yield of 6.05% per year, and 3.00% per annum for securities maturing between 1 and 40 years. As at March 31, 2009, the securities have the following maturity structure.

|               |     |
|---------------|-----|
| 1 to 5 years  | 97% |
| 6 to 10 years | 1%  |
| Over 10 years | 2%  |

- (b) Equities comprise publicly-traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.

#### Note 4 Capital Assets

|   | Cost                             |                                    |                  |   |               | Closing Balance<br>March 31, 2009 |
|---|----------------------------------|------------------------------------|------------------|---|---------------|-----------------------------------|
|   | Opening Balance<br>April 1, 2008 | Transfers from<br>Work in Progress | Additions        | Assets<br>transferred<br>from HRA<br>(Note 5) | Depreciation  |                                   |
| Land  | \$ 1,674                         | \$ -                               | \$ -             | \$ -  | \$ -          | \$ 1,674                          |
| Land improvements                                   | 3,030                            | -                                  | -                | -   | -             | 3,030                             |
| Buildings and improvements                          | 157,548                          | 229                                | -                | -   | -             | 157,647                           |
| Leasehold improvements                              | 127                              | -                                  | -                | 407   | -             | 584                               |
| Furniture and equipment                             | 58,370                           | 2,432                              | 4,245            | 1,121   | 300           | 65,978                            |
| Construction and technology<br>projects in progress | 52,889                           | (2,911)                            | 14,933           | -   | -             | 44,911                            |
|   | <u>\$ 235,457</u>                | <u>\$ -</u>                        | <u>\$ 19,175</u> | <u>\$ 1,578</u>                               | <u>\$ 300</u> | <u>\$ 253,840</u>                 |

|   | Accumulated Amortization         |                              |                              |   |                                   | Net Book Value<br>2009 | Net Book Value<br>2008 |
|---|----------------------------------|------------------------------|------------------------------|---|-----------------------------------|------------------------|------------------------|
|   | Opening Balance<br>April 1, 2008 | Current year<br>amortization | Accretion on<br>depreciation | Assets<br>transferred<br>from HRA<br>(Note 5) | Closing Balance<br>March 31, 2009 |                        |                        |
| Land  | \$ -                             | \$ -                         | \$ -                         | \$ -  | \$ -                              | \$ 1,674               | \$ 1,674               |
| Land improvements                                   | 2,307                            | 985                          | -                            | -   | 3,412                             | 627                    | 732                    |
| Buildings and improvements                          | 66,995                           | 3,752                        | -                            | -   | 70,777                            | 66,920                 | 70,575                 |
| Leasehold improvements                              | 57                               | 25                           | -                            | 140   | 222                               | 363                    | 70                     |
| Furniture and equipment                             | 29,641                           | 8,077                        | 730                          | 905   | 37,658                            | 28,320                 | 29,399                 |
| Construction and technology<br>projects in progress | -                                | -                            | -                            | -   | -                                 | 44,911                 | 52,889                 |
|   | <u>\$ 98,400</u>                 | <u>\$ 11,859</u>             | <u>\$ 730</u>                | <u>\$ 1,050</u>                               | <u>\$ 111,639</u>                 | <u>\$ 143,821</u>      | <u>\$ 135,077</u>      |

Capital assets were funded from the following sources:

|  | 2009              | 2008              |
|--|-------------------|-------------------|
| Externally funded (unamortized external capital contributions) | \$ 131,410        | \$ 123,005        |
| Internally funded (invested in capital assets)                 | 11,411            | 12,052            |
|  | <u>\$ 142,821</u> | <u>\$ 135,057</u> |

#### Note 5 Other Assets

Other assets include the accrued pension benefit relating to the Supplementary Retirement Plan which is fully funded.

#### Note 6 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

|   | 2009             | 2008            |
|---|------------------|-----------------|
| Current   |                  |                 |
| Alberta Health and Wellness:                          |                  |                 |
| EMS Transition  | \$ 33,312        | \$ -            |
| Alberta Health Services Transition (Note 19)          | 13,804           | -               |
| Acute Care Pressure Relief                            | 7,200            | -               |
| Mental Health Grants                                  | 6,285            | 2,340           |
| Syphilis Prevention Response                          | 2,000            | -               |
| Life Skills Training                                  | 898              | -               |
| Hip&Knee Replacement Continuum                        | 616              | 213             |
| Clinical Telehealth                                   | 602              | -               |
| Continuing Care - Case Management                     | 459              | 303             |
| Healthy Weights                                       | 429              | 363             |
| Cardiac Access Collaborative                          | 354              | 324             |
| Pandemic Influenza Supplies                           | 331              | 579             |
| Health Care Aide Training                             | 329              | -               |
| Continuing Care - Clinical Specialists                | 319              | -               |
| Privacy & Security 2005                               | 242              | 242             |
| Primary Pediatric Model                               | 203              | 143             |
| Specialists on call program                           | 78               | 683             |
| Immunization Strategy                                 | 58               | 217             |
| Rural on call program                                 | 27               | 18              |
| Continuing Care - Implement Standards                 | -                | 33              |
| Various projects <\$200,000 each                      | 458              | 886             |
| Other contributors:                                   |                  |                 |
| Primary Care Initiatives                              | 1,369            | 1,349           |
| Stroke Strategy                                       | 622              | 998             |
| ACB Screening   | 37               | 300             |
| Various projects <\$200,000 each                      | 478              | 121             |
|   | <u>70,510</u>    | <u>9,112</u>    |
| Non-Current   |                  |                 |
| Alberta Department of Seniors and Community Supports: |                  |                 |
| Healthy aging partnership initiatives (HAPI)          | 230              | 220             |
| Total   | <u>\$ 70,740</u> | <u>\$ 9,332</u> |

**Note 7 Deferred Capital Contributions**

The balance at the end of the year is restricted for the following purposes:

|                                       | 2009             | 2008             |
|---------------------------------------|------------------|------------------|
| Equipment replacement                 | \$ 277           | \$ 4,879         |
| Information technology projects       | 715              | 267              |
| Building systems upgrade initiative   | 1,418            | 1,342            |
| Infrastructure maintenance program    | 6,591            | 2,307            |
| Hand hygiene strategy                 | 741              | 480              |
| Reducing & avoiding injury initiative | 1,077            | 1,100            |
| New construction                      | 88,480           | 7,337            |
|                                       | <u>\$ 99,299</u> | <u>\$ 17,712</u> |

**Note 8 Long-Term Employee Benefits****(a) Supplementary Retirement Plan**

The Region has a supplementary defined benefit plan for certain management staff. There are no cash payments made to staff relating to this plan until their retirement. The plan's assets will be held in a trust pursuant to a Retirement Compensation Arrangement (as defined by the Income Tax Act). The plan is fully funded. Actuarial valuations are completed annually. The obligation and pension expense can vary with changes in actuarial assumptions used to estimate the obligation.

**Note 8 Long-Term Employee Benefits (continued)**

|  | 2009            | 2008            |
|--|-----------------|-----------------|
| <b>Accrued Benefit Obligation</b>                                      |                 |                 |
| Accrued obligation, beginning of year                                  | \$ 1,389        | \$ 1,142        |
| Accrued obligation, HBA Services Nov 1, 2008                           | 491             | -               |
| Current service cost   | 164             | 71              |
| Interest cost  | 79              | 63              |
| Benefits paid  | (553)           | -               |
| Actuarial (gain) loss  | (184)           | 113             |
| Accrued obligation, end of year  | <u>\$ 1,386</u> | <u>\$ 1,389</u> |
| <b>Reconciliation of funded status of accrued benefit asset</b>        |                 |                 |
| Funded status of plan (deficit)  | \$ 264          | \$ (104)        |
| Unamortized actuarial (gain) loss                                      | (116)           | 291             |
| Unrecognized initial obligation  | 248             | 638             |
| Accrued benefit asset  | <u>\$ 396</u>   | <u>\$ 825</u>   |
| Current service cost   | \$ 164          | \$ 71           |
| Interest cost  | 79              | 63              |
| Actual return on assets  | (5)             | (18)            |
| Amortization of initial obligations                                    | 390             | 93              |
| Amortization of actuarial (gain) loss in year                          | (184)           | 114             |
| Difference between expected and actual return on assets                | (34)            | (13)            |
| Difference between recognized and actual actuarial loss (gain) in year | 294             | (90)            |
| Net Benefit Cost   | <u>\$ 704</u>   | <u>\$ 220</u>   |
| <b>Significant actuarial assumptions are as follows</b>                |                 |                 |
| Discount rate  | 6.20%           | 5.20%           |
| Expected return on plan assets   | 3.10%           | 2.60%           |
| Expected average remaining service life of employees                   | 8 years         | 7 years         |
| Salary scale increases per year  | 4.00%           | 4.00%           |

The above information is based on the annual actuarial valuation performed as of March 31 for each fiscal year.

**Plan assets (held by trustee)****Employer contributions**

|                                 |        |        |
|---------------------------------|--------|--------|
| Fair value of assets - March 31 | \$ 807 | \$ 655 |
|---------------------------------|--------|--------|

**Plan assets (held by Canada Revenue Agency)****Employer contributions paid as refundable taxes**

|                   |                 |                 |
|-------------------|-----------------|-----------------|
| Total plan assets | <u>\$ 1,650</u> | <u>\$ 1,285</u> |
|-------------------|-----------------|-----------------|

|   |               |                 |
|---|---------------|-----------------|
| Funded status of plan - Surplus (deficit) | <u>\$ 264</u> | <u>\$ (104)</u> |
|---|---------------|-----------------|



**Note 8 Long-Term Employee Benefits (continued)**

**(b) Pension Expense**

The Region participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Region's annual contributions payable of \$6,456 for the year ended March 31, 2009 (2008 \$5,379).

At December 31, 2008, the Local Authorities Pension Plan reported a deficiency of \$4,413,971 (2008 - deficiency of \$1,183,334).

**Note 9 Transfer of Provincial Health Authorities of Alberta operating as Health Boards of Alberta (HBA Services)**

The Provincial Health Authority of Alberta (PHAA) operating as Health Boards of Alberta (HBA Services) was transferred to the Region on November 1, 2008. All assets and liabilities including all rights, obligations, commitments and contingencies were transferred to the Region at the carrying values.

As a result of the transfer net assets increased as follows:

|                               | Assets   | Liabilities | Accumulated surplus/ (deficit) | Investment in capital assets | Total net assets |
|-------------------------------|----------|-------------|--------------------------------|------------------------------|------------------|
| HBA Services November 1, 2008 | \$ 4,572 | \$ 1,456    | \$ 2,628                       | \$ 488                       | \$ 3,116         |

**Note 10 Commitments and Contingencies**

**(a) Commitments**

- (i) The Region contracts on an ongoing basis with voluntary and private health service operators to provide health services (Note 16(f)). The Region has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.
- (ii) In order to manage its exposure to the volatility in the electrical industry, the Board has entered into a five year contract, expiring March 31, 2010, to purchase electrical energy at a fixed price of \$54.40 per MWh. Based on 2009 consumption, the annual costs for the year ending March 31, 2010 are expected to be \$1,425.

**Note 10 Commitments and Contingencies (continued)**

- (iii) The Region is committed to operating lease payments in future years as follows:

|                |                 |
|----------------|-----------------|
| 2010           | \$ 882          |
| 2011           | 530             |
| 2012           | 253             |
| 2013           | 79              |
| 2014 and after | 68              |
|                | <u>\$ 1,812</u> |

The leases expire at various dates from 2009 to 2015.

- (iv) Alberta Health Services will take over the delivery of Emergency Medical Services (EMS) for the entire province on April 1, 2009. While some services will be merged into operations, Alberta Health Services is contracting for delivery of EMS in many communities in the province and has signed contracts with total commitments over the next two years:

|      |            |
|------|------------|
| 2010 | \$ 208,327 |
| 2011 | 98,660     |

- (v) The Region is committed to the following construction and technology projects currently in progress and which will be satisfied from externally funded grants:

|   |                 |
|---|-----------------|
| Lloydminster Continuing Care Project      | \$ 1,751        |
| Vermilion Long Term Care Project          | 201             |
| Viking Acute Care Expansion Project       | 674             |
| Central Sterilization Renovation Projects | 358             |
| Ambulance Bay - Provost                   | 166             |
|   | <u>\$ 3,150</u> |

**Note 10 Commitments and Contingencies (continued)**

**(b) Contingencies**

The Region has a contingent liability in respect of a claim concerning increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The total amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied. The outcome of the claim is not determinable, and no liability is recorded at this time.

The Region has a contingent liability in respect of claims relating to the failure of St. Joseph's Hospital to provide adequate infection control and safety measures to prevent contamination of medical equipment. The total amount of these claims is in excess of \$40 million. The outcome of the claims is not determinable, and no liability is recorded at this time.

In the ordinary course of operations, various other claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Region believes there will be no material adverse effect on the financial position of the Region.

**Note 11 Budget**

The budget was approved by Senior Management and submitted to the Minister of Health and Wellness in early fiscal 2008-2009.

Over the course of the fiscal year, the Minister provided additional funding of \$10,000. The Board has allocated these additional resources to address funding expectations.

**Note 12 Alberta Health and Wellness Contributions**

|   | 2009              | 2008              |
|---|-------------------|-------------------|
| Unrestricted contributions  | \$ 235,552        | \$ 208,973        |
| Other one time grants   | -                 | 1,500             |
| Transfer from deferred contributions - transition grant (Note 19) | 66,196            | -                 |
| Transfer from deferred contributions - other                      | 13,029            | 8,992             |
| Transfer from deferred capital contributions                      | 8,191             | 3,042             |
|   | <u>\$ 322,968</u> | <u>\$ 222,507</u> |

**Note 13 Other Government Contributions**

|                                       | 2009            | 2008            |
|---------------------------------------|-----------------|-----------------|
| Alberta Government:                   |                 |                 |
| Fair value adjustments                | \$ 1,473        | \$ 1,367        |
| Transfers from deferred contributions | 1,608           | 686             |
|                                       | <u>\$ 3,081</u> | <u>\$ 2,053</u> |

**Note 14 Ancillary Operations**

|  | 2009          |                 |                      |                                 | 2008          |                                 |
|--|---------------|-----------------|----------------------|---------------------------------|---------------|---------------------------------|
|  | Revenue       | Direct Expenses | Amortization Expense | Excess of Revenue Over Expenses | Revenue       | Excess of Revenue Over Expenses |
| Non-patient food services                | \$ 563        | \$ 399          | \$ 6                 | \$ -                            | \$ 673        | \$ (2)                          |
| Rental operations                        | 29            | 16              | -                    | 13                              | 39            | 26                              |
| Other                                    | 50            | 47              | -                    | 3                               | 59            | 27                              |
|  | <u>644</u>    | <u>622</u>      | <u>6</u>             | <u>16</u>                       | <u>771</u>    | <u>51</u>                       |
| Amortized external capital contributions | 1             | -               | -                    | 1                               | 1             | 1                               |
| Total                                    | <u>\$ 645</u> | <u>\$ 622</u>   | <u>\$ 6</u>          | <u>\$ 17</u>                    | <u>\$ 772</u> | <u>\$ 52</u>                    |

Ancillary expenses are reported in support services in the Statement of Operations.

**Note 15 Investment and Other Income**

|                                | 2009            | 2008            |
|--------------------------------|-----------------|-----------------|
| Investment income              | \$ 197          | \$ 262          |
| Unrealized loss on investments | (1,146)         | (8)             |
| Workers Compensation rebates   | 323             | 680             |
| Primary Care Networks          | 347             | 178             |
| Other revenue                  | 3,058           | 2,685           |
|                                | <u>\$ 2,779</u> | <u>\$ 3,797</u> |

Investment income comprises interest, dividends, amortization of discount (premiums) and realized gains or losses on investments.

Other revenue comprises charges for laundry services to continuing care clients, services provided to others and various miscellaneous recoveries.

**Note 16 Related Parties**

**(a) Province of Alberta and Health Regions**

The Minister of Health and Wellness appoints members of the Alberta Health Services Board. The Board is economically dependent on the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry.

The Region had the following transactions with other health regions recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

|  | 2009          |                  |              |                  | 2008          |                 |               |               |
|--|---------------|------------------|--------------|------------------|---------------|-----------------|---------------|---------------|
|  | Revenue       | Expense          | Receivable   | Payable          | Revenue       | Expense         | Receivable    | Payable       |
| Health Quality Council of Alberta                              | 2             | 3                | -            | -                | -             | 6               | -             | -             |
| Other Regional Health Authorities and Provincial Health Boards | 498           | 55,911           | 56           | 52,665           | 708           | 1,518           | 431           | 192           |
| <b>Total</b>   | <b>\$ 500</b> | <b>\$ 55,914</b> | <b>\$ 56</b> | <b>\$ 52,665</b> | <b>\$ 708</b> | <b>\$ 1,524</b> | <b>\$ 431</b> | <b>\$ 192</b> |

**(b) Regional Shared Health Information Program (RSHIP)**

The seven non-metro health regions (Chinook Regional Health Authority, Palliser Health Region, David Thompson Regional Health Authority, East Central Health, Aspen Regional Health Authority, Peace Country Health and Northern Lights Health Region) have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

|                                     | 2009            | 2008            |
|-------------------------------------|-----------------|-----------------|
| Alberta Health and Wellness Funding | \$ 624          | \$ 1,676        |
| Region contribution                 | 541             | 959             |
|                                     | <b>\$ 1,165</b> | <b>\$ 2,635</b> |
| Expensed                            | \$ 593          | \$ 1,435        |
| Capitalized                         | \$ 572          | \$ 1,200        |

**Note 16 Related Parties (continued)**

**(c) Primary Care Networks**

The Authority's share of the following Primary Care Networks are included in the financial statements under the proportionate consolidation method.

**Camrose Local Primary Care Initiative**

|  | Region's 50% share |                 |
|--|--------------------|-----------------|
|  | 2009               | 2008            |
| Opening balance                                | \$ 1,300           | \$ 1,095        |
| Contributions from Alberta Health and Wellness | 244                | 321             |
| Amounts recognized as revenue                  | (230)              | (116)           |
| Amounts deferred                               | <b>\$ 1,314</b>    | <b>\$ 1,300</b> |

**Provost - Consort Primary Care Network**

|  | Region's 25% share |              |
|--|--------------------|--------------|
|  | 2009               | 2008         |
| Opening balance                                | \$ 49              | \$ 66        |
| Contributions from Alberta Health and Wellness | 86                 | 45           |
| Amounts recognized as revenue                  | (80)               | (62)         |
| Amounts deferred                               | <b>\$ 55</b>       | <b>\$ 49</b> |

**Note 16 Related Parties (continued)**

**(d) Foundations**

The following controlled foundations are not consolidated in these financial statements:

**(1) Viking Health Foundation**

The Viking Health Foundation was established under the authorization of the Minister of Health on June 27, 1997. Representation on its Board consists of 11 members appointed by the Authority. The Viking Health Foundation was created to solicit funds from the public in order to assist the Region in achieving its health goals for the residents of the Viking community.

|                                 | 2008     | 2007     |
|---------------------------------|----------|----------|
| Assets                          | \$ 2,209 | \$ 2,205 |
| Liabilities                     | (49)     | (63)     |
| Net assets                      | \$ 2,160 | \$ 2,142 |
| Revenue                         | \$ 223   | \$ 598   |
| Expenses                        | (193)    | (178)    |
| Excess of revenue over expenses | \$ 30    | \$ 420   |

**(2) Tofield and Area Health Services Foundation**

The Tofield and Area Health Services Foundation was established under the authorization of the Minister of Health on September 10, 2003. Representation on its Board consists of 7 members appointed by the Authority. The Tofield and Area Health Services Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Tofield community.

|  | 2008    | 2007  |
|--|---------|-------|
| Assets                                       | \$ 17   | \$ 31 |
| Liabilities                                  | -       | -     |
| Net assets                                   | \$ 17   | \$ 31 |
| Revenue                                      | \$ 28   | \$ 15 |
| Expenses                                     | (44)    | (9)   |
| Excess (deficiency) of revenue over expenses | \$ (16) | \$ 6  |

The resources of the foundation amounting to \$17 (2007 - \$31) have been restricted by donors for the exclusive use of the Tofield community.

**Note 16 Related Parties (continued)**

|   | Contributions received by<br>Health Region<br>Year ended March 31, |       | Resources held by the<br>Foundation<br>at March 31, 2008 |              |
|---|--|-------|--|--------------|
|   | 2009   | 2008  | Externally<br>Restricted                                 | Unrestricted |
| Viking Health Foundation                    | \$ 31  | \$ 56 | \$ -   | \$ 2,160     |
| Tofield and Area Health Services Foundation | -  | 42    | 17   | -            |
| Net assets                                  | \$ 31  | \$ 98 | \$ 17  | \$ 2,160     |

**(e) Other Foundations**

The Region has an economic interest in the Daysland General Hospital Foundation and the Wainwright & District Community Health Foundation.

The Region is permitted to appoint one representative to the Board of Directors of each foundation. These foundations were established to solicit funds from the public in order to assist the Region in achieving its health goals for the residents of each community.

**(f) Contracts with Health Service Providers**

The Region has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

|                       | 2009  |   |            | 2008  |   |            |
|-----------------------|---|---|------------|---|---|------------|
|                       | Voluntary<br>Health<br>Service<br>Providers | Private<br>Health<br>Service<br>Providers | Total      | Voluntary<br>Health<br>Service<br>Providers | Private<br>Health<br>Service<br>Providers | Total      |
| Direct Region funding | \$ 97,243                                   | \$ 14,255                                 | \$ 111,498 | \$ 86,658                                   | \$ 12,056                                 | \$ 98,714  |
| Fees and charges      | 10,275                                      | 1,022                                     | 11,297     | 9,493                                       | 929                                       | 10,422     |
| Full cost adjustments | 828   | -   | 828        | 828   | -   | 828        |
| Total                 | \$ 108,346                                  | \$ 15,277                                 | \$ 123,623 | \$ 96,979                                   | \$ 12,985                                 | \$ 109,964 |

**Note 17 Trust Funds**

The Region is providing fiscal management of funds received in trust from Alberta Health and Wellness for the Building Health System Leadership Capacity project, the Alzheimer's Dementia project, Camrose Local Primary Care Initiative and the Provost - Consort Primary Care Network. These amounts are not reported in the statements.

During the year the Region received \$1,977 and disbursed \$4,737. The balance of funds held by the Region is \$1,370.

# **Note 18 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness issued Ministerial Order #50/2008 to restructure the governance model of health services delivery in Alberta.

Accordingly, effective April 1, 2009, Aspen Regional Health Authority, Calgary Health Region, Capital Health, Chinook Regional Health Authority, David Thompson Regional Health Authority, Northern Lights Health Region, Palliser Health Region, and Peace Country Health will be disestablished along with the Alberta Cancer Board, Alberta Mental Health Board, and Alberta Alcohol and Drug Abuse Commission.

The boundary of East Central Health was expanded to cover the entire the province of Alberta, with the name being changed to the "Alberta Health Region", which will operate as Alberta Health Services. All assets and liabilities including obligations, commitments and contingencies of the disestablished regions and the other entities referred to above, will be transferred to the Alberta Health Region on April 1, 2009.

The assets, liabilities and net assets that will be transferred to Alberta Health Services on April 1, 2009 are reported on Schedule 4.

# **Note 19 Transition and Restructuring Expenses**

The Region received \$80 million in funding from Alberta Health and Wellness for the costs of transitioning to AHS. These costs consist of severance costs and termination benefits, professional services, consulting costs, transferring employees to LAPP, unfunded supplemental executive retirement plan obligations and payments and other applicable transition expenses.

The costs incurred by the other entities are recorded in their financial statements with offsetting revenue and receivables from the Region. As the recipient of the grant, the Region has recognized contributions from Alberta Health and Wellness (Note 12) and transition costs in the Statement of Operations. In the Schedule of Expense by Object (Schedule 1), the Region's transition and restructuring costs are included in salaries and benefits and are not included in transition expenses. The Region has recorded a payable to the other entities for the transition costs incurred by them as described below:

|  | Severance        | Other Costs      | Amount Expensed  | Unfunded SERP    | Capitalized     | Total            |
|--|------------------|------------------|------------------|------------------|-----------------|------------------|
| Alberta Cancer Board                             | \$ 2,194         | \$ -             | \$ 2,194         | \$ -             | \$ -            | \$ 2,194         |
| Alberta Mental Health Board                      | 988              | 301              | 1,289            | 341              | -               | 1,630            |
| Alberta Alcohol and Drug Abuse Commission        | -                | 181              | 181              | -                | -               | 181              |
| Aspen Regional Health Authority                  | -                | 55               | 55               | -                | -               | 55               |
| Calgary Health Region                            | 6,619            | 1,067            | 7,686            | 12,929           | 4,258           | 24,873           |
| Capital Health                                   | 5,606            | 554              | 6,160            | 6,844            | -               | 13,004           |
| Chinook Regional Health Authority                | 523              | 164              | 687              | 957              | -               | 1,644            |
| David Thompson Health Region                     | 2,707            | -                | 2,707            | -                | -               | 2,707            |
| Northern Lights Health Region                    | 573              | 35               | 608              | -                | -               | 608              |
| Palliser Health Region                           | 1,056            | -                | 1,056            | -                | -               | 1,056            |
| Peace Country Health                             | 683              | 84               | 767              | 306              | -               | 1,073            |
|  | 20,949           | 2,441            | 23,390           | 21,377           | 4,258           | 49,025           |
| East Central Health                              | 1,639            | 15,532           | 17,171           | -                | -               | 17,171           |
|  | <u>\$ 22,588</u> | <u>\$ 17,973</u> | <u>\$ 40,561</u> | <u>\$ 21,377</u> | <u>\$ 4,258</u> | <u>65,196</u>    |
| Balance included deferred contributions (Note 6) |                  |                  |                  |                  |                 | 13,804           |
| Total grant received                             |                  |                  |                  |                  |                 | <u>\$ 80,000</u> |

**Note 19 Transition and Restructuring Expenses (continued)**

As at March 31, 2009, the Region's transition and restructuring expenses related to the transition to AHS as described above are as follows:

|                                | Severance-<br>Related<br>Charges | Other<br>Charges | Total    |
|--------------------------------|----------------------------------|------------------|----------|
| Liability as at March 31, 2008 | \$ -                             | \$ -             | \$ -     |
| Amounts Expensed               | 1,639                            | 15,532           | 17,171   |
| Payments made during the year  | (316)                            | (8,532)          | (8,848)  |
| Liability as at March 31, 2009 | \$ 1,323                         | 7,000            | \$ 8,323 |

The Region has recorded an expense of \$1.3 million for Alberta Alcohol and Drug Abuse Commission and \$5.7 million for Alberta Cancer Board related to the transfer of employees from the Public Service Pension Plan to the Local Authorities Pension Plan effective April 1, 2009. This expense is included in other charges above. This estimate was actuarially determined based on pension information at December 31, 2007 that was updated for salary increases and pensionable service until April 1, 2009.

**Note 20 Accumulated Deficit**

The Region has reported an accumulated deficit at March 31, 2009. Per Alberta Regulation 15/95 of the Regional Health Authorities Act, Alberta Health Services must provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all regions within three years of it being incurred.

**Note 21 Comparative Figures**

Certain 2008 figures have been reclassified to match their 2009 presentation.

**Note 22 Approval of financial statements**

These financial statements have been approved by the Alberta Health Services Board.

Schedule 1

**EAST CENTRAL HEALTH**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(In thousands)

|   | Budget            | 2009              | 2008              |
|---|-------------------|-------------------|-------------------|
| Salaries and benefits (Schedule 2)  | \$ 109,835        | \$ 125,554        | \$ 99,314         |
| Contracts with health service providers (Note 16(f))  | 113,937           | 123,623           | 109,964           |
| Drugs and gases   | 1,658             | 1,768             | 1,675             |
| Medical and surgical supplies   | 1,528             | 2,066             | 1,964             |
| Other contracted services   | 8,008             | 19,488            | 8,120             |
| Other <sup>(1)</sup>  | 35,047            | 36,223            | 28,354            |
| Amortization:   |                   |                   |                   |
| Capital equipment - internally funded   | 2,963             | 3,287             | 2,916             |
| Capital equipment - externally funded   | 4,118             | 4,751             | 4,119             |
| Facilities and improvements - internally funded   | -                 | 57                | 47                |
| Facilities and improvements - externally funded   | 3,846             | 3,804             | 3,846             |
| Loss (Gain) on sale of equipment  | -                 | (5)               | 18                |
| Transition expenses incurred by other Health Regions and Provincial Health Boards (Note 19) | -                 | 49,025            | -                 |
|   | <u>\$ 280,940</u> | <u>\$ 369,641</u> | <u>\$ 260,337</u> |
| <sup>(1)</sup> Other:   |                   |                   |                   |
| Utilities   | \$ 3,440          | \$ 3,195          | \$ 2,950          |
| Buildings and ground maintenance  | 8,796             | 4,585             | 2,796             |
| Staff travel costs  | 2,948             | 3,125             | 2,728             |
| Patient transportation  | 2,137             | 1,927             | 1,916             |
| Food supplies   | 1,923             | 2,119             | 1,824             |
| Minor equipment   | 1,761             | 1,255             | 1,743             |
| Insurance   | 595               | 542               | 544               |
| Other   | 13,447            | 19,475            | 13,853            |
| Total   | <u>\$ 35,047</u>  | <u>\$ 36,223</u>  | <u>\$ 28,354</u>  |



**EAST CENTRAL HEALTH**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**MARCH 31, 2009**  
(in thousands)

|                                     | 2009                          |                            |                                    |  |            |                          |          | 2008                          |           |
|-------------------------------------|-------------------------------|----------------------------|------------------------------------|--|------------|--------------------------|----------|-------------------------------|-----------|
|                                     | Number of FTEs <sup>(1)</sup> | Base Salary <sup>(2)</sup> | Other Cash Benefits <sup>(3)</sup> | Other Non-Cash Benefits <sup>(4)</sup> | Sub-total  | Severance <sup>(5)</sup> |          | Number of FTEs <sup>(1)</sup> | Total     |
|                                     |                               |                            |                                    |  |            | Number of Individuals    | Amount   |                               |           |
| <b>Board Chair <sup>(a)</sup></b>   |                               |                            |                                    |  |            |                          |          |                               |           |
| K. Hughes - AHS                     | 0.88                          | -                          | \$ 77                              | \$ -                                   | \$ 77      | -                        | \$ -     | -                             | \$ -      |
| E. Andersen                         | -                             | -                          | -                                  | -                                      | -          | -                        | -        | 0.13                          | 13        |
| <b>Board Members <sup>(a)</sup></b> |                               |                            |                                    |  |            |                          |          |                               |           |
| J. Ady - AHS                        | 0.88                          | -                          | 49                                 | -                                      | 49         | -                        | -        | -                             | -         |
| L. Andreachuk - AHS                 | 0.33                          | -                          | 20                                 | -                                      | 20         | -                        | -        | -                             | -         |
| G. Bontje - AHS                     | 0.33                          | -                          | 22                                 | -                                      | 22         | -                        | -        | -                             | -         |
| T. Bougie - AHS                     | 0.33                          | -                          | 20                                 | -                                      | 20         | -                        | -        | -                             | -         |
| J. Clifford - AHS                   | 0.33                          | -                          | 23                                 | -                                      | 23         | -                        | -        | -                             | -         |
| P. Crevolin - AHS                   | 0.21                          | -                          | 10                                 | -                                      | 10         | -                        | -        | -                             | -         |
| S. Crowfoot - AHS                   | 0.33                          | -                          | 22                                 | -                                      | 22         | -                        | -        | -                             | -         |
| T. Franceschini - AHS               | 0.33                          | -                          | 20                                 | -                                      | 20         | -                        | -        | -                             | -         |
| L. Hohol - AHS                      | 0.88                          | -                          | 48                                 | -                                      | 48         | -                        | -        | -                             | -         |
| A. Laupacis - AHS                   | 0.33                          | -                          | 20                                 | -                                      | 20         | -                        | -        | -                             | -         |
| J. Lehnert - AHS                    | 0.88                          | -                          | 49                                 | -                                      | 49         | -                        | -        | -                             | -         |
| I. Lewis - AHS                      | 0.88                          | -                          | 49                                 | -                                      | 49         | -                        | -        | -                             | -         |
| C. Roozen - AHS                     | 0.63                          | -                          | 27                                 | -                                      | 27         | -                        | -        | -                             | -         |
| D. Sieben - AHS                     | 0.88                          | -                          | 51                                 | -                                      | 51         | -                        | -        | -                             | -         |
| G. Winkel - AHS                     | 0.33                          | -                          | -                                  | -                                      | -          | -                        | -        | -                             | -         |
| M. Arnold                           | -                             | -                          | -                                  | -                                      | -          | -                        | -        | 0.13                          | 5         |
| R. Crooker                          | -                             | -                          | -                                  | -                                      | -          | -                        | -        | 0.13                          | 4         |
| P. Gulak                            | -                             | -                          | -                                  | -                                      | -          | -                        | -        | 0.13                          | 5         |
| L. Heinemann                        | -                             | -                          | -                                  | -                                      | -          | -                        | -        | 0.13                          | 2         |
| J. Hunter                           | -                             | -                          | -                                  | -                                      | -          | -                        | -        | 0.13                          | 3         |
| R. Israelson                        | -                             | -                          | -                                  | -                                      | -          | -                        | -        | 0.13                          | 7         |
| L. Johnson                          | -                             | -                          | -                                  | -                                      | -          | -                        | -        | 0.13                          | 2         |
| C. Mastel                           | -                             | -                          | -                                  | -                                      | -          | -                        | -        | 0.13                          | 5         |
| O. Olineck                          | -                             | -                          | -                                  | -                                      | -          | -                        | -        | 0.13                          | 8         |
| J. Rudkowsky                        | -                             | -                          | -                                  | -                                      | -          | -                        | -        | 0.13                          | 6         |
| M. Schreiber                        | -                             | -                          | -                                  | -                                      | -          | -                        | -        | 0.13                          | 4         |
| <b>Total Board Compensation</b>     | <b>8.76</b>                   | <b>-</b>                   | <b>507</b>                         | <b>-</b>                               | <b>507</b> | <b>-</b>                 | <b>-</b> | <b>1.56</b>                   | <b>64</b> |

**EAST CENTRAL HEALTH**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**MARCH 31, 2009**  
(thousands of dollars)

|  | 2009                           |                            |                                    |  |                   | Severance <sup>(5)</sup> |                 | 2008              |                                |
|--|--------------------------------|----------------------------|------------------------------------|--|-------------------|--------------------------|-----------------|-------------------|--------------------------------|
|  | Number of FTE's <sup>(1)</sup> | Base Salary <sup>(2)</sup> | Other Cash Benefits <sup>(3)</sup> | Other Non-Cash Benefits <sup>(4) (7)</sup> | Sub-total         | Number of Individuals    | Amount          | Total             | Number of FTE's <sup>(1)</sup> |
| <b>Board Direct Reports <sup>(b)</sup></b>   |                                |                            |                                    |  |                   |                          |                 |                   |                                |
| President and Chief Executive Officer - AHS <sup>(c)</sup>                                       | 0.02                           | \$ 17                      | \$ 94                              | \$ 5                                       | \$ 116            | -                        | \$ -            | \$ 116            | -                              |
| Interim Chief Executive Officer - Contracted Service - AHS <sup>(d)</sup>                        | 0.88                           | 481                        | -                                  | -  | 481               | -                        | -               | 481               | -                              |
| Chief Executive Officer - Region <sup>(b) (d)</sup>  | -                              | -                          | 498                                | -  | 498               | -                        | -               | 498               | 0.40                           |
| Official Administrator - Contracted Service - Region <sup>(b) (e)</sup>                          | 0.30                           | 119                        | -                                  | -  | 119               | -                        | -               | 119               | 0.60                           |
| <b>CEO Direct Reports <sup>(f)</sup></b>   |                                |                            |                                    |  |                   |                          |                 |                   |                                |
| Executive Operating Officer, Continuum of Care - AHS   | 0.79                           | 363                        | 42                                 | 133  | 538               | 1                        | 1,323           | 1,861             | -                              |
| Interim Chief Operating Officer, Corporate Services - Contracted Service- AHS <sup>(b) (e)</sup> | 0.45                           | 178                        | 9                                  | -  | 187               | -                        | -               | 187               | -                              |
| Special Assistant to the Chief Executive Officer, Corporate Services - Contracted Services - AHS | 0.33                           | 61                         | 13                                 | 17   | 91                | -                        | -               | 91                | -                              |
| Vice President, Medical Services - Region  | 1.00                           | 308                        | -                                  | 113  | 421               | -                        | -               | 421               | 1.10                           |
| Vice President, Operations - Region <sup>(b)</sup>   | 1.00                           | 172                        | -                                  | 52   | 224               | -                        | -               | 224               | 1.00                           |
| Chief Financial Officer - Region   | 1.00                           | 191                        | 21                                 | 44   | 256               | 1                        | 316             | 572               | 1.00                           |
| Chief Corporate Services Officer - Region  | 1.00                           | 159                        | -                                  | 41   | 200               | -                        | -               | 200               | 1.00                           |
| Director, Communications - Region  | 1.07                           | 91                         | -                                  | 16   | 107               | -                        | -               | 107               | 0.80                           |
| <b>Total Board and Executive</b>   | <b>16.60</b>                   | <b>2,140</b>               | <b>1,184</b>                       | <b>421</b>                                 | <b>3,745</b>      | <b>2</b>                 | <b>1,639</b>    | <b>5,384</b>      | <b>7.46</b>                    |
| Management reporting to CEO Reports  | 20.97                          | 2,428                      | 96                                 | 445  | 2,969             | -                        | -               | 2,969             | 16.50                          |
| Other management   | 79.45                          | 7,194                      | 121                                | 1,388                                      | 8,703             | -                        | -               | 8,703             | 65.70                          |
| Restructuring costs to transfer employees to LAPP <sup>(g)</sup>                                 | -                              | -                          | -                                  | 7,000                                      | 7,000             | -                        | -               | 7,000             | -                              |
| Regulated nurses not included above  |                                |                            |                                    |  |                   |                          |                 |                   |                                |
| RN's, Reg. Psych. Nurses, Grad nurses  | 296.32                         | 23,488                     | 2,669                              | 4,967                                      | 31,124            | -                        | -               | 31,124            | 281.90                         |
| LPN's  | 133.89                         | 7,148                      | 764                                | 1,388                                      | 9,300             | -                        | -               | 9,300             | 128.20                         |
| Other health technical and professionals   | 239.59                         | 16,764                     | 990                                | 3,226                                      | 20,980            | -                        | -               | 20,980            | 222.70                         |
| Unregulated health service providers   | 410.92                         | 11,976                     | 1,567                              | 2,369                                      | 15,912            | -                        | -               | 15,912            | 370.90                         |
| Other staff  | 493.66                         | 19,554                     | 224                                | 4,404                                      | 24,182            | -                        | -               | 24,182            | 475.30                         |
| <b>Total</b>   | <b>1,691.40</b>                | <b>\$ 90,692</b>           | <b>\$ 7,615</b>                    | <b>\$ 25,608</b>                           | <b>\$ 123,915</b> | <b>2</b>                 | <b>\$ 1,639</b> | <b>\$ 125,554</b> | <b>1,568.66</b>                |

**EAST CENTRAL HEALTH**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 2,338 (2008 - 2,288). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, shift and responsibility premiums, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
  - a. Employer's current and prior service cost of supplementary retirement plans per note (7) below.
  - b. Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition.
  - c. Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.
- (5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (6) Automobile provided. No dollar amount included in other non-cash benefits.
- (7) Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SERP provides future pension benefits to participants based on years of service and earnings.

**EAST CENTRAL HEALTH**

**SCHEDULE OF SALARIES AND BENEFITS**

**FOR THE YEAR ENDED MARCH 31, 2009**

- a) On May 15, 2008, the Region's board (which had already been replaced by two Official Administrators in July 2007), along with the other regional health authority boards, was replaced by the Alberta Health Services ('AHS') interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in these financial statements.
- b) Board Direct Reports for Region employees reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008. Included are the AHS Board Direct Reports whose costs are reflected in the accounts of the Region.
- c) The President and Chief Executive Officer – AHS was appointed effective March 23, 2009. Other Cash Benefits includes reimbursement of relocation costs of \$44 and signing bonus of \$50. Costs incurred are reported in the accounts of the Region.
- d) The Interim Chief Executive Officer - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Costs incurred are reported in the accounts of the Region.
- e) On July 8, 2008 the Official Administrator for the Region was transferred to AHS as Chief Operating Officer – Corporate Services.
- f) CEO Direct Reports for Region employees reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Included are AHS CEO Direct Reports whose costs are reflected in the accounts of the Region. All other AHS positions are disclosed in Schedule 3 and costs are reported in the respective Regions' records.
- g) The Region has recorded an expense of \$1.3 million for AADAC and \$5.7 million for ACB related to the transfer of employees from PSPP to LAPP effective April 1, 2009. This estimate was actuarially determined based on pension information at December 31, 2007 that was updated for salary increases and pensionable service until April 1, 2009.
- h) The previous Chief Executive Officer left the Region in July 2007, however the SRP lump sum was not paid out until April 2008.

**EAST CENTRAL HEALTH**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
**(thousands of dollars)**

## Supplemental Executive Retirement Plan

|  | 2009                       |                        |               | 2008          | Accrued<br>Benefit<br>Obligation<br>March 31, 2008 | Change in<br>Accrued<br>Benefit<br>Obligation | Accrued<br>Benefit<br>Obligation<br>March 31, 2009 |
|--|----------------------------|------------------------|---------------|---------------|--|---|--|
|  | Current<br>Service<br>Cost | Other<br>SERP<br>Costs | Total         | Total         |  |   |  |
| Chief Executive Officer - Region <sup>(a)</sup>  | \$ -                       | \$ 498                 | \$ 498        | \$ 84         | \$ 579   | \$ (579)                                      | \$ -   |
| Executive Operating Officer - AHS <sup>(b)</sup> | 90                         | 5                      | 95            | -             | -  | 66  | 66   |
| Vice President - Medical Services - Region       | 45                         | 45                     | 90            | 77            | 442  | 2   | 444  |
| Vice President - Operations - Region             | 10                         | 18                     | 28            | 26            | 164  | (18)  | 146  |
| Chief Financial Officer - Region <sup>(c)</sup>  | 7                          | 12                     | 19            | 17            | 97   | 60  | 157  |
| Chief Corporate Services Officer - Region        | 6                          | 12                     | 18            | 16            | 107  | (4)   | 103  |
| Other <sup>(d)</sup>                             | 6                          | (50)                   | (44)          | -             | -  | 470   | 470  |
|  | <u>\$ 164</u>              | <u>\$ 540</u>          | <u>\$ 704</u> | <u>\$ 220</u> | <u>\$ 1,389</u>                                    | <u>\$ (3)</u>                                 | <u>\$ 1,386</u>                                    |

(a) Receiving annual pension of \$10.3 indefinitely

(b) Paid lump sum of \$66.0 subsequent to March 31, 2009

(c) Relates to former HBA Services employees who were merged with the Region on November 1, 2008

(d) Paid lump sum of \$532.2



**ALBERTA HEALTH SERVICES**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

| 2009                               |                                   |                               |  |  |               |                          |             |               |
|------------------------------------|-----------------------------------|-------------------------------|--|--|---------------|--------------------------|-------------|---------------|
|                                    | Number of<br>FTE's <sup>(a)</sup> | Base<br>Salary <sup>(b)</sup> | Other<br>Cash<br>Benefits <sup>(c)</sup> | Other<br>Non-<br>Cash<br>Benefits <sup>(d) (f)</sup> | Subtotal      | Severance <sup>(e)</sup> |             | Total         |
|                                    |                                   |                               |  |  |               | Number of<br>Individuals | Amount      |               |
| <b>Board Chair<sup>(g)</sup></b>   |                                   |                               |  |  |               |                          |             |               |
| Ken Hughes                         | 0.88                              | \$ -                          | \$ 77                                    | \$ -   | \$ 77         | -                        | \$ -        | \$ 77         |
| <b>Board Members<sup>(g)</sup></b> |                                   |                               |  |  |               |                          |             |               |
| Jack Ady                           | 0.88                              | -                             | 49                                       | -  | 49            | -                        | -           | 49            |
| Pierre Crevolin                    | 0.21                              | -                             | 10                                       | -  | 10            | -                        | -           | 10            |
| Catherine Roozen                   | 0.63                              | -                             | 27                                       | -  | 27            | -                        | -           | 27            |
| Linda Hohol                        | 0.88                              | -                             | 48                                       | -  | 48            | -                        | -           | 48            |
| John Lehnert                       | 0.88                              | -                             | 49                                       | -  | 49            | -                        | -           | 49            |
| Irene Lewis                        | 0.88                              | -                             | 49                                       | -  | 49            | -                        | -           | 49            |
| Don Sieben                         | 0.88                              | -                             | 51                                       | -  | 51            | -                        | -           | 51            |
| Lori Andreachuk                    | 0.33                              | -                             | 20                                       | -  | 20            | -                        | -           | 20            |
| Gord Bontje                        | 0.33                              | -                             | 22                                       | -  | 22            | -                        | -           | 22            |
| Teri Lynn Bougie                   | 0.33                              | -                             | 20                                       | -  | 20            | -                        | -           | 20            |
| Jim Clifford                       | 0.33                              | -                             | 23                                       | -  | 23            | -                        | -           | 23            |
| Strater Crowfoot                   | 0.33                              | -                             | 22                                       | -  | 22            | -                        | -           | 22            |
| Tony Franceschini                  | 0.33                              | -                             | 20                                       | -  | 20            | -                        | -           | 20            |
| Andreas Laupacis                   | 0.33                              | -                             | 20                                       | -  | 20            | -                        | -           | 20            |
| Gord Winkel                        | 0.33                              | -                             | -  | -  | -             | -                        | -           | -             |
|                                    | <u>8.76</u>                       | <u>\$ -</u>                   | <u>\$ 507</u>                            | <u>\$ -</u>  | <u>\$ 507</u> | <u>-</u>                 | <u>\$ -</u> | <u>\$ 507</u> |



**ALBERTA HEALTH SERVICES**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

|   | 2009                |                 |                         |                                 |                 |                       |                 |                 |
|---|---------------------|-----------------|-------------------------|---------------------------------|-----------------|-----------------------|-----------------|-----------------|
|   | Number of FTE's (a) | Base Salary (b) | Other Cash Benefits (c) | Other Non-Cash Benefits (d) (f) | Subtotal        | Severance (e)         |                 | Total           |
|   |                     |                 |                         |                                 |                 | Number of Individuals | Amount          |                 |
| <b>Board Direct Reports</b>   |                     |                 |                         |                                 |                 |                       |                 |                 |
| President and Chief Executive Officer (i)   | 0.02                | \$ 17           | \$ 94                   | \$ 5                            | \$ 116          | -                     | \$ -            | \$ 116          |
| Interim Chief Executive Officer – Contracted Service (k)                                      | 0.88                | 481             | -                       | -                               | 481             | -                     | -               | 481             |
| <b>CEO Direct Reports</b>   |                     |                 |                         |                                 |                 |                       |                 |                 |
| Executive Operating Officer, Continuum of Care (l)  | 0.71                | 363             | 42                      | 133                             | 538             | 1                     | 1,323           | 1,861           |
| Chief Operating Officer, Performance Improvement and Clinical Support Services (i) (m)        | 1.00                | 335             | -                       | 55                              | 390             | -                     | -               | 390             |
| Chief Operating Officer, Urban (n) (h)  | 1.00                | 316             | 140                     | 203                             | 659             | -                     | -               | 659             |
| Chief Operating Officer, Community and Rural (o)  | 1.00                | 385             | -                       | 332                             | 717             | -                     | -               | 717             |
| Interim Chief Operating Officer, Health Strategies, Research and Design (p)                   | 1.00                | 324             | -                       | 70                              | 394             | 1                     | 351             | 745             |
| Interim Chief Financial Officer (q) (h)   | 1.00                | 314             | 140                     | 618                             | 1,072           | 1                     | 782             | 1,854           |
| Interim Chief Operating Officer, Corporate Services – Contracted Service (i) (r)              | 0.45                | 178             | 9                       | -                               | 187             | -                     | -               | 187             |
| Special Assistant to the Chief Executive Officer, Corporate Services – Contracted Service (s) | 0.33                | 61              | 13                      | 17                              | 91              | -                     | -               | 91              |
| Interim Chief Operating Officer, Change Management (h) (t)                                    | 1.00                | 269             | 63                      | 44                              | 376             | 1                     | 602             | 978             |
| Senior Physician Executive (u)  | 1.00                | 380             | 95                      | 104                             | 579             | -                     | -               | 579             |
|   | 9.39                | 3,423           | 596                     | 1,581                           | 5,600           | 4                     | 3,058           | 8,658           |
| <b>Total Board and Executive</b>  | <b>18.15</b>        | <b>\$ 3,423</b> | <b>\$ 1,103</b>         | <b>\$ 1,581</b>                 | <b>\$ 6,107</b> | <b>4</b>              | <b>\$ 3,058</b> | <b>\$ 9,165</b> |

**ALBERTA HEALTH SERVICES**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

## Supplemental Executive Retirement Plan

|   | 2009                       |                        |       | Accrued<br>Benefit<br>Obligation<br>March 31, 2009 |
|---|----------------------------|------------------------|-------|--|
|   | Current<br>Service<br>Cost | Other<br>SERP<br>Costs | Total |  |
| Executive Operating Officer, Continuum of Care <sup>(v)</sup>                             | \$ 90                      | \$ 5                   | \$ 95 | \$ 66  |
| Chief Operating Officer, Performance Improvement and<br>Clinical Support Services         | 29                         | 2                      | 31    | 49   |
| Chief Operating Officer, Urban  | 101                        | 98                     | 199   | 915  |
| Chief Operating Officer, Community and Rural  | 33                         | 277                    | 310   | 394  |
| Interim Chief Operating Officer, Health Strategies, Research<br>and Design <sup>(v)</sup> | 42                         | 11                     | 53    | 210  |
| Interim Chief Financial Officer <sup>(v)</sup>  | 91                         | 520                    | 611   | -  |
| Interim Chief Operating Officer, Change Management <sup>(v)</sup>                         | 18                         | 8                      | 26    | 141  |
| Senior Physician Executive  | 75                         | 22                     | 97    | 334  |

**ALBERTA HEALTH SERVICES****CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS****FOR THE YEAR ENDED MARCH 31, 2009**

- a. Full-time equivalents (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 12.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include honoraria, bonuses, overtime, vacation payouts and lump sum payments.
- d. Other non-cash benefits include:
  - Employer's current and prior service cost of supplementary retirement plans per (f) below.
  - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
  - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- f. Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.

- g. On May 15, 2008, the Alberta Health Services ('AHS') interim board was appointed. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Honorariums and benefits of the AHS board members are reported in the financial statements of East Central Health.
- h. These individuals are provided with an automobile allowance. Dollar amounts are included in other cash benefits (c) above.

**ALBERTA HEALTH SERVICES**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**

- i. These individuals are provided with an automobile. Dollar amounts are not included in non-cash benefits (d) above.
- j. The President and CEO was appointed effective March 23, 2009. Other Cash Benefits includes reimbursement of relocation costs of \$44 and signing bonus of \$50. Costs incurred are reported in the accounts of East Central Health.
- k. The Interim CEO was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. The incumbent's contract was terminated effective March 20, 2009. Costs incurred are reported in the accounts of East Central Health.
- l. This position was appointed effective July 8, 2008 and terminated effective March 20, 2009. Costs incurred are reported in the accounts of East Central Health.
- m. This position was appointed effective July 8, 2008. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Aspen Regional Health Authority.
- n. This position was appointed effective July 8, 2008. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region.
- o. This position was appointed effective July 8, 2008. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Chinook Regional Health Authority.
- p. This position was appointed effective July 8, 2008 and terminated effective April 30, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Alberta Cancer Board.
- q. This position was appointed effective July 8, 2008, and terminated effective March 31, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region.
- r. This position was appointed effective July 8, 2008, and terminated effective November 27, 2008. Costs incurred, and reflected from July 8, 2008 to November 27, 2008, are reported in the accounts of East Central Health.
- s. This position was appointed effective December 2, 2008. Costs incurred are reported in the accounts of East Central Health.
- t. This position was appointed effective January 22, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region. The incumbent will be departing December 31, 2009.
- u. This position was appointed effective February 9, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region.

**ALBERTA HEALTH SERVICES**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**

- v. Based on future SERP compensation benefits described under (f) above, the following schedule outlines pension income received by individuals who departed within the 08-09 fiscal period:

| <b>Name</b>                                    | <b>Pension Income<br/>(not in thousands)</b> | <b>Frequency</b> | <b>Term</b> |
|--|--|------------------|-------------|
| Executive Operating Officer, Continuum of Care | \$ 66,010                                    | Lump-Sum         | One-Time    |
| Interim Chief Financial Officer                | 1,186,758                                    | Lump-Sum         | One-Time    |

The Interim Chief Operating Officer, Health Strategies, Research and Design and Interim Chief Operating Officer, Change Management are eligible for SERP benefits, but have not yet elected their pension income arrangement.



**EAST CENTRAL HEALTH**  
**SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS TRANSFERRED TO ALBERTA HEALTH SERVICES**  
**MARCH 31, 2009**  
**(thousands of dollars)**

|   | Assets              | Liabilities         | Unrestricted net assets        |   | Investment in capital assets | Endowments       | Total net assets  |
|---|---------------------|---------------------|--------------------------------|---|------------------------------|------------------|-------------------|
|   |                     |                     | Accumulated surplus/ (deficit) | Accumulated net unrealized gains/ (losses) on investments |                              |                  |                   |
| Alberta Alcohol and Drug Abuse Commission | \$ 27,081           | \$ 10,782           | \$ 16,299                      | \$ -  | \$ -                         | \$ -             | \$ 16,299         |
| Alberta Cancer Board                      | 300,056             | 237,408             | 3,990                          | 2,175   | 46,181                       | 10,302           | 62,648            |
| Alberta Mental Health Board               | 120,029             | 111,674             | 10,482                         | (2,716)   | 589                          | -                | 8,355             |
| Aspen Regional Health Authority           | 254,729             | 245,703             | (6,459)                        | -   | 15,485                       | -                | 9,026             |
| Calgary Health Region                     | 3,519,550           | 3,463,231           | (218,886)                      | (2,736)   | 277,941                      | -                | 56,319            |
| Capital Health                            | 2,944,195           | 2,836,705           | (102,671)                      | (14,460)  | 224,621                      | -                | 107,490           |
| Chinook Regional Health Authority         | 314,922             | 319,481             | (23,042)                       | -   | 18,333                       | 150              | (4,559)           |
| David Thompson Health Region              | 589,872             | 581,375             | (25,492)                       | -   | 33,989                       | -                | 8,497             |
| East Central Health                       | 392,442             | 392,275             | (11,244)                       | -   | 11,411                       | -                | 167               |
| Northern Lights Health Region             | 206,786             | 156,598             | 29,703                         | (1)   | 20,486                       | -                | 50,188            |
| Palliser Health Region                    | 131,737             | 117,425             | 5,942                          | -   | 8,370                        | -                | 14,312            |
| Peace Country Health                      | 255,883             | 263,464             | (21,440)                       | -   | 13,859                       | -                | (7,581)           |
|   | <u>\$ 9,057,282</u> | <u>\$ 8,736,121</u> | <u>\$ (342,818)</u>            | <u>\$ (17,738)</u>  | <u>\$ 671,265</u>            | <u>\$ 10,452</u> | <u>\$ 321,161</u> |



**CAPITAL HEALTH**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

**Capital Health**

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**Consolidated Financial Statements**  
**March 31, 2009**

Management's Responsibility for Financial Reporting  
Auditor's Report  
Consolidated Statement of Financial Position  
Consolidated Statement of Operations  
Consolidated Statement of Changes in Net Assets  
Consolidated Statement of Cash Flows  
Notes to the Consolidated Financial Statements  
Schedule 1 – Consolidated Schedule of Expenses by Object  
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## CAPITAL HEALTH

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2009

#### CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

The region members carry out their responsibility for the consolidated financial statements through the Audit and Finance Committee. This Committee meets with management and the Office of the Auditor General of Alberta to review financial matters, and recommends the consolidated financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Office of the Auditor General of Alberta has free access to the Audit and Finance Committee.

The Office of the Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and procedures, which allow him to report on the fairness of the consolidated financial statements prepared by management.

[Original signed]

Dr. Stephen Duckett  
President and CEO - AHS

[Original signed]

Chris Mazurkewich  
Executive Vice President & Chief Financial Officer -  
AHS

[Original signed]

Colleen Purdy  
Acting Chief Financial Officer

#### Auditor's Report

To the Members of the Alberta Health Services Board  
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of Capital Health (the Authority) as at March 31, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

**CAPITAL HEALTH**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2009**  
(thousands of dollars)

|   | 2009                | 2008                |
|---|---------------------|---------------------|
| <b>ASSETS</b>   |                     |                     |
| Current assets:   |                     |                     |
| Cash, cash equivalents and investments (Note 3)   | \$ 310,122          | \$ 295,868          |
| Accounts receivable:  |                     |                     |
| Contributions receivable from Alberta Health and Wellness                                 | 10,573              | 66,735              |
| Other receivables   | 80,104              | 82,488              |
| Investments   | 28,414              | 20,081              |
| Prepaid expenses  | 19,977              | 105,975             |
|   | 449,190             | 571,147             |
| Contributions receivable  | 43,873              | 163,563             |
| Loans - long-term care partnership projects (Note 4 (a))                                  | 41,942              | 43,597              |
| Non-current cash and investments (Note 3)   | 674,253             | 679,721             |
| Capital assets (Note 5)   | 1,734,933           | 1,430,120           |
| <b>TOTAL ASSETS</b>   | <b>\$ 2,944,195</b> | <b>\$ 2,908,148</b> |
| <b>LIABILITIES AND NET ASSETS</b>   |                     |                     |
| Current liabilities:  |                     |                     |
| Accounts payable and accrued liabilities  | \$ 325,134          | \$ 256,814          |
| Accrued vacation pay  | 110,632             | 98,777              |
| Deferred operating contributions (Note 6)   | 130,533             | 173,436             |
|   | 566,301             | 529,027             |
| Deferred operating contributions (Note 6)   | 2,767               | 3,736               |
| Deferred capital contributions (Note 7)   | 703,915             | 828,533             |
| Deferred contributions - long-term care partnership projects (Note 4 (b))                 | 43,462              | 45,136              |
| Asset retirement obligation (Note 5 (c))  | 9,928               | 9,456               |
| Life loan deposits (Note 8)   | 13,625              | 12,862              |
|   | 773,897             | 899,743             |
| Unsecured external capital contributions  | 1,496,687           | 1,262,775           |
| Net assets:   |                     |                     |
| Unrestricted deficiency   | (102,871)           | (21,923)            |
| Committed but unencumbered (loans)/plus on investments                                    | (14,460)            | 6,997               |
| Internally restricted funds   | -                   | 57,886              |
| Accumulated (deficit) surplus (Note 9)  | (117,131)           | 42,120              |
| Investment in capital assets  | 224,621             | 174,983             |
|   | 107,490             | 217,103             |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>   | <b>\$ 2,944,195</b> | <b>\$ 2,908,148</b> |
| Commitments and contingencies (Note 10)   |                     |                     |
| The accompanying notes and schedules are part of these consolidated financial statements. |                     |                     |

**CAPITAL HEALTH**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

|   | 2009                |                  | 2008             |        |
|---|---------------------|------------------|------------------|--------|
|   | Budget<br>(Note 11) | Actual           | Actual           | Actual |
| <b>Revenue</b>                                      |                     |                  |                  |        |
| Alberta Health and Wellness contributions (Note 12) | \$ 2,636,076        | \$ 2,784,832     | \$ 2,446,151     |        |
| Other government contributions (Note 13)            | 42,534              | 77,879           | 53,813           |        |
| Fees and charges                                    | 197,800             | 200,207          | 189,032          |        |
| Auxiliary operations (Note 14)                      | 44,800              | 51,290           | 49,325           |        |
| Research and education                              | 35,900              | 29,684           | 37,728           |        |
| Investment and other income (Note 15)               | 108,100             | 103,843          | 100,188          |        |
| Amortization of external capital contributions      | 94,000              | 113,113          | 86,753           |        |
| <b>TOTAL REVENUE</b>                                | <b>3,159,200</b>    | <b>3,360,848</b> | <b>2,963,010</b> |        |
| <b>Expenses (Schedule 1)</b>                        |                     |                  |                  |        |
| Inpatient acute care services                       | 882,883             | 958,017          | 834,364          |        |
| Emergency and outpatient services                   | 390,858             | 406,501          | 364,898          |        |
| Facility-based continuing care services             | 305,942             | 271,330          | 266,956          |        |
| Community-based care                                | 149,811             | 161,538          | 110,420          |        |
| Home care   | 106,133             | 120,477          | 94,864           |        |
| Diagnostic and therapeutic services                 | 617,049             | 651,581          | 570,737          |        |
| Promotion, prevention and protection services       | 79,430              | 87,308           | 74,915           |        |
| Research and education                              | 133,150             | 104,001          | 100,380          |        |
| Administration                                      | 80,899              | 91,544           | 77,082           |        |
| Information technology                              | 53,557              | 90,151           | 49,952           |        |
| Support services                                    | 427,886             | 468,124          | 412,280          |        |
| Amortization of facilities and improvements         | 52,000              | 38,355           | 35,535           |        |
| <b>TOTAL EXPENSES</b>                               | <b>3,257,600</b>    | <b>3,449,947</b> | <b>2,981,512</b> |        |
| Deficiency of revenue over expenses                 | \$ (98,400)         | \$ (99,099)      | \$ (18,502)      |        |

The accompanying notes and schedules are part of these consolidated financial statements.

**CAPITAL HEALTH**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

|   | 2009                         |  |                                   |                                  |                                    | 2008       |            |
|---|------------------------------|--|-----------------------------------|----------------------------------|------------------------------------|------------|------------|
|   | Unrestricted<br>(Deficiency) | Cumulative Net<br>Unrealized<br>Gains (Losses)<br>on Investments | Internally<br>Restricted<br>Funds | Accumulated<br>Surplus (Deficit) | Investment<br>in Capital<br>Assets | Total      | Total      |
| Balance at beginning of year  | \$ (21,923)                  | \$ 6,957   | \$ 57,086                         | \$ 42,120                        | \$ 174,983                         | \$ 217,103 | \$ 235,392 |
| Deficiency of revenue over expenses   | (89,099)                     | -  | -                                 | (89,099)                         | -                                  | (89,099)   | -          |
| Net transfers of internally restricted funds  | 57,086                       | -  | (57,086)                          | -                                | -                                  | -          | (18,502)   |
| Capital assets purchased with internal funds  | (89,773)                     | -  | -                                 | (89,773)                         | 89,773                             | -          | -          |
| Amortization of internally funded capital assets  | 40,047                       | -  | -                                 | 40,047                           | (40,047)                           | -          | -          |
| Contribution of land  | -                            | -  | -                                 | -                                | 903                                | 903        | 10,434     |
| Capital asset write off   | 228                          | -  | -                                 | 228                              | (228)                              | -          | -          |
| Cumulative net unrealized gains/(losses) on investments                                   |                              |  |                                   |                                  |                                    |            |            |
| Unrealized loss on available for sale financial<br>assets arising during the year         | -                            | (19,418)   | -                                 | (19,418)                         | -                                  | (19,418)   | (10,349)   |
| Reclassification adjustment for losses included<br>in deficiency of revenue over expenses | -                            | (1,999)  | -                                 | (1,999)                          | -                                  | (1,999)    | 128        |
| Amortization of discount on life lease liability  | 760                          | -  | -                                 | 760                              | (760)                              | -          | -          |
| Life lease deposits/(repayments)  | 3                            | -  | -                                 | 3                                | (3)                                | -          | -          |
| Balance at end of year  | \$ (102,671)                 | \$ (14,460)  | \$ -                              | \$ (117,131)                     | \$ 224,621                         | \$ 107,490 | \$ 217,103 |

The accompanying notes and schedules are part of these consolidated financial statements.

**CAPITAL HEALTH  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2009  
(In thousands of dollars)**

|  | 2009                |             | 2008        |  |
|--|---------------------|-------------|-------------|--|
|  | Budget<br>(Note 11) | Actual      | Actual      |  |
| <b>Operating activities:</b>   |                     |             |             |  |
| Deficiency of revenue over expenses  | \$ (98,400)         | \$ (86,099) | \$ (18,502) |  |
| Non-cash transactions:   |                     |             |             |  |
| Amortization (Schedule 1)  | 126,000             | 129,431     | 103,496     |  |
| Loss on disposal of capital assets   | -                   | 10,365      | 10,832      |  |
| Write-off of capital assets  | -                   | 13,810      | -           |  |
| Amortization of external capital contributions                             | (94,000)            | (113,331)   | (86,900)    |  |
| Amortization of discount on life lease deposits                            | 550                 | 760         | 549         |  |
| Amortization of long-term care partnership non-current loan (Note 4)       | 1,701               | 1,635       | 1,701       |  |
| Amortization of long-term care partnership deferred contributions (Note 4) | (1,701)             | (1,635)     | (1,701)     |  |
| Asset retirement obligation  | 430                 | 472         | 449         |  |
| Amortization of bond discount  | 280                 | 256         | 257         |  |
| (Gains)/loss on disposal of investments                                    | (130)               | 1,999       | (128)       |  |
| Change in non-cash working capital accounts                                | (18,748)            | 173,525     | 44,184      |  |
| Cash (used by) generated from operations                                   | (83,998)            | 128,168     | 54,657      |  |
| <b>Investing activities:</b>   |                     |             |             |  |
| Purchase of investments  | (160,000)           | (125,946)   | (157,486)   |  |
| Purchase of capital assets:  |                     |             |             |  |
| Internally funded - equipment  | (139,100)           | (66,094)    | (21,739)    |  |
| Externally funded - facility and improvements                              | (43,200)            | (23,739)    | (21,837)    |  |
| Externally funded - equipment  | (31,000)            | (87,317)    | (89,177)    |  |
| Externally funded - facility and improvements                              | (238,000)           | (261,336)   | (187,123)   |  |
| Proceeds on sale of investments  | 160,000             | 120,684     | 137,433     |  |
| Net unrealized gains/(loss) on investments                                 | 5,130               | (21,417)    | 6,997       |  |
| Long-term care partnership projects (Note 4)                               | -                   | -           | (640)       |  |
| Allocations (from)/to non-current cash and investments                     | (31,360)            | 8,473       | (210,762)   |  |
| Cash used for investing activities   | (476,530)           | (456,625)   | (514,373)   |  |
| <b>Financing activities:</b>   |                     |             |             |  |
| Deferred contributions   | 300                 | (969)       | 218         |  |
| Capital contributions  | 300,000             | 224,480     | 486,187     |  |
| Transfer for asset retirement obligation                                   | -                   | (472)       | (449)       |  |
| Long-term care partnership projects (Note 4)                               | -                   | (19)        | 9           |  |
| Change in contributions receivable   | -                   | 119,688     | (9,289)     |  |
| Life lease deposits received   | 160                 | 3           | 619         |  |
| Cash generated from financing activities                                   | 300,360             | 342,711     | 477,295     |  |
| Net (decrease) increase in cash, cash equivalents and investments          | (260,168)           | 14,254      | 17,579      |  |
| Cash, cash equivalents and investments, beginning of year                  | 295,868             | 295,868     | 278,289     |  |
| Cash, cash equivalents and investments, end of year                        | \$ 35,700           | \$ 310,122  | \$ 295,868  |  |

The accompanying notes and schedules are part of these consolidated financial statements.

**CAPITAL HEALTH  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
MARCH 31, 2009**

**Note 1 Authority, Purpose and Operations**

Capital Health was established on June 24, 1994 under the authority of the Alberta Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. On May 26, 2003 under the Ministerial Order, the Health Authority was named Capital Health. Capital Health is exempt from payment of income tax and is a registered charity under the Income Tax Act. Effective April 1, 2009, Capital Health will be disestablished and all assets and liabilities will be transferred to Alberta Health Services ("AHS") (Note 20).

Capital Health's mandate is to deliver appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

Capital Health geographic boundaries include the cities of Edmonton, Fort Saskatchewan, Leduc, Spruce Grove and St. Albert; the communities of Devon, Stony Plain, Sherwood Park, Evansburg, Morinville and Redwater; and the counties of Leduc, Parkland, Strathcona, Sturgeon and the eastern part of Yellowhead county.

Capital Health operations include the following:

- a) Acute Care Hospitals, Community Hospitals and Health Centres
  - University of Alberta Hospital
  - Stollery Children's Hospital
  - Royal Alexandra Hospital
  - Gleason Rehabilitation Hospital
  - Grey Nuns Community Hospital (operated by Covenant Health)
  - Misericordia Community Hospital (operated by Covenant Health)
  - Sturgeon Community Hospital
  - Leduc Community Hospital
  - Devon General Hospital
  - Alberta Hospital Edmonton
  - Fort Saskatchewan Health Centre
  - Redwater Health Centre
  - Westview Health Centre
  - Evansburg Health Centre

**Note 1 Authority, Purpose and Operations (continued)**

- b) Innovative Primary Health Facilities
  - Northeast Community Health Centre
  - Health First Strathcona Primary Care Centre
  - Eastwood Primary Health Care Centre
- c) Continuing Care Facilities
  - Capital Care Group Inc. (wholly owned subsidiary of Capital Health):
    - Dickinsfield, Grandview, Norwood, Lynswood, Kipness Centre for Veterans, Strathcona Care Centre, McConnell Care Centres, Lanier Houses, and Strathcona Alzheimer Care Centre
  - Aspen House
  - Edmonton General Hospital (operated by Covenant Health)
  - Private and Voluntary Continuing Care Providers:
    - 18 providers under contract operating at 34 sites
  - Supportive Living - Private and Voluntary Operators
    - 33 designated assisted living sites
    - 78 support homes
- d) Home Care - contracts with 17 agencies, 41 seniors residences/lodges and 428 self managed care contracts with individuals/guardians
- e) Public Health Clinics - 23 sites
- f) Public Health Specialty Clinics - 5 sites, 4 school health sites and 8 student health initiative partnership sites
- g) Medical Education (residents) - various facilities
- h) Research - undertaken at Northern Alberta Clinical Trials Centre and various facilities
- i) Laboratory Services - hospital based laboratory services, and services contracted from a private operator
- j) Provincial Laboratory at the University of Alberta Hospital site
- k) Community Rehabilitation Physiotherapy Clinics at 64 sites under contract and 4 public sites and 19 other contract rehabilitation service agreements (audiology, respiratory therapy, etc.)
- l) Ancillary Operations - non-patient food services, parking, and other commercial activities

In meeting its responsibilities under the *Regional Health Authorities Act*, Capital Health contracts with the Covenant Health (formerly Caritas Health Group) to provide certain acute care services as an integral part of Capital Health operations.

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region.

**Note 2 Significant Accounting Policies and Reporting Practices**

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 34 issued by Alberta Health and Wellness. Following are the significant accounting policies:

**(a) Basis of Presentation**

- (1) (i) These financial statements have been prepared on a consolidated basis, except that controlled foundations are not consolidated. The entities consolidated are Capital Health and its wholly owned subsidiaries, Capital Care Group Inc., Capital Health Tele-Ophthalmology Inc., and Edmonton Heart Systems Inc. (Note 16).
- (ii) Capital Health uses the proportionate consolidation method to account for its 50% interest in the Northern Alberta Clinical Trials Centre joint venture with the University of Alberta.
- (iii) Capital Health uses the proportionate consolidation method to account for its 50% interest in the following Primary Care Networks:

Edmonton Southside Primary Care Network  
 Edmonton Oliver Primary Care Network  
 Westview Primary Care Network  
 St. Albert and Sturgeon Primary Care Network  
 Leduc Beaumont Devon Primary Care Network  
 Edmonton West Primary Care Network  
 Edmonton North Primary Care Network  
 Sherwood Park Primary Care Network

- (2) These consolidated financial statements have been prepared using the deferral method of accounting for contributions. The key elements of our revenue recognition policies are:
  - (i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.
  - (ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year the related expenses are incurred. Unspent contributions are recorded as deferred contributions.
  - (iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the capital asset is recorded.



Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

- (iv) Externally restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.
- (v) Investment income includes dividend and interest income, and realized gains or losses on the sale of investments. Unrealized gains and losses on available-for-sale investments are included directly in net assets or deferred contributions as appropriate, until the related investments are sold. Unrealized gains and losses on held-for-trading investments are included in investment income and recognized as revenue, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is deferred and recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.
- (vii) Revenue from sales of goods and services is recorded in the period that goods are delivered or services are provided.

(b) Capital Disclosure

Effective April 1, 2008, Capital Health Region adopted CICA Handbook Section 1535, Capital Disclosures ("CICA 1535"). CICA 1535 requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about the entity in regards to capital and whether the entity has complied with any capital requirements and if it has not complied, the consequences of such non-compliance.

For operating purposes, Capital Health defines capital as including working capital and accumulated surplus. For capital purposes, Capital Health defines capital as including deferred capital contributions, unamortized external capital contributions and investment in capital assets.

Capital Health's objective for managing capital is:

- (i) In the short-term, to safeguard Capital Health's financial ability to continue to deliver health services; and
- (ii) In the long-term, to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of Capital Health's operating funds are from Alberta Health & Wellness, which is paid on the first of each month. As a result, significantly less working capital is required. Capital Health monitors its working capital and cash flow forecasts.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Capital Disclosure (continued)

Alberta Health and Wellness approves health care facilities based on long term capital plans and provides the majority of the funding through one-time capital grants. Capital Health funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants.

When a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 9).

(c) Full Cost

Capital Health accounts for all expenses and revenues related to services carried out for which it is responsible at fair value. Fair value transactions recorded consist of the following:

- (i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of Capital Health. An equivalent amount is recorded as contracted health service operator expense of Capital Health.
- (ii) Payments from Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue. An equivalent amount is recorded as program expenses as these payments represent part of the cost of Capital Health's health programs.
- (iii) The fair value for use of acute care facilities not owned by Capital Health is recorded as revenue from other government contributions and as program expenses, since contract payments from Capital Health do not include an amount for use of these facilities.
- (iv) The fair value for use of non-acute care facilities not owned by Capital Health and provided to Capital Health at zero or nominal rent is recorded as other government contributions and as program expenses.
- (v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist Capital Health in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2(e). Capital Health records these investments on a settlement date basis and transaction costs associated with investment activities are capitalized and are included in the acquisition costs or reduce proceeds on disposal.

(e) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depends upon the classification. Financial assets and financial liabilities classified as "held-for-trading" are measured at fair value with changes in those fair values recognized in the Consolidated Statement of Operations. Financial assets classified as "available-for-sale" are measured at fair value with changes in fair values recognized in the Consolidated Statement of Changes in Net Assets until realized, at which time the cumulative changes in fair value are recognized in the Consolidated Statement of Operations. "Loans and receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

Capital Health has classified its significant financial assets and financial liabilities as follows:

| Financial Assets and Liabilities                 | Classification              |
|--|-----------------------------|
| Cash and cash equivalents                        | Held-for-trading            |
| Investments                                      | Available-for-sale          |
| Accounts receivable and contributions receivable | Loans and receivables       |
| Accounts payable and accrued liabilities         | Other financial liabilities |
| Accrued vacation pay                             | Other financial liabilities |

Capital Health does not use hedge accounting and accordingly, it is not impacted by the requirements of Section 3865, Hedges.

When it is determined that an impairment of a financial instrument classified as available-for-sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Consolidated Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Consolidated Statement of Operations for a financial instrument classified as available-for-sale are not subsequently reversed.

The carrying values of current cash, accounts receivable, contributions receivable and accounts payable approximate their fair values due to the short-term nature of these items. It is management's opinion that Capital Health is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Employee Future Benefits

(i) Pension Obligation

Capital Health and its eligible employees participate in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to this plan for which Capital Health has insufficient information to apply defined benefit plan accounting. Pension expense included in these financial statements comprises the amount of employer contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plan. Capital Health does not record its portion of the pension plan's deficit or surplus.

Capital Health has a supplementary defined benefit plan for certain management staff. Capital Health benefit obligations are actuarially determined using the projected benefit method based on services valuation that includes employee service to date and present compensation levels as well as a projection of salaries and service to retirement. No cash payments are made to staff relating to this plan until their retirement. Net actuarial gains and losses of the benefit obligation are recognized as expense immediately. Past service costs are amortized over the average remaining service period of active employees - 5.8 years (2008 - 5.10 years).

Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The supplemental executive retirement benefit plan is unfunded.

(ii) Other Future Benefits

Capital Health provides its employees with basic life, accidental death and dismemberment, short term disability, long term disability, extended health, dental and vision benefits through benefit carriers. Capital Health's contribution to the extent that they do not relate to discretionary reserves, are recorded as expense.

Capital Health is obligated to pay out accumulated sick leave credits to certain employees employed prior to April 1, 1975 with five continuous years of permanent service. Those who terminate employment are entitled to collect pay in an amount equivalent to twenty-five percent (25%) of any unexpended sick leave credits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Employee Future Benefits (continued)

(ii) Other Future Benefits (continued)

Capital Health participates in a Supplementary Unemployment Benefit Plan (SUBP). This is a post-delivery disability benefit for female employees who meet certain qualification criteria. Qualifying employees are entitled to a top-up of their Employment Insurance Maternity benefits to a percentage of their regular earnings and to a cost sharing of SUBP premiums during the post-delivery disability period.

Other benefit plans include employee and employer funded healthcare, dental, life insurance and long and short term disability plans.

Capital Health fully accrues its obligations for employee non-pension future benefits.

(g) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 *Inventories* which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

Capital Health adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (defined as moving average cost) and net realizable value.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Capital Assets

Capital assets and capital projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

|                               |                                    |
|-------------------------------|------------------------------------|
| Buildings                     | 2.5% - 5%                          |
| Parking lots                  | 5% - 10%                           |
| Land improvements             | 10%                                |
| Furniture and equipment       | 5% - 20%                           |
| Equipment under capital lease | 5% - 20%                           |
| Leasehold improvements        | Lease term plus one renewal period |

Capital projects in progress include infrastructure and information systems projects. Capital projects in progress are not amortized until the project is substantially complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to Capital Health are reported as acquisitions of capital assets financed by long-term obligations.

(i) Asset Retirement Obligation

Capital Health recognizes the fair value of a future asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the assets. Capital Health concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is amortized over the life of the asset. The fair value of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted risk-free interest rate. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized as an operating expense using the effective interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is amortized over the remaining life of the asset.

An asset retirement obligation related to the removal of hazardous material that would be required as part of a capital project is only recognized when there is approval from the Minister of Health and Wellness to proceed with the project.

(j) Trust Funds Received by Capital Health

Capital Health received trust funds from Alberta Health and Wellness that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. In addition, Capital Health administers funds received in trust from Alberta Health and Wellness for specific projects. These amounts are not reflected in the financial statements.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(k) Measurement Uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty that affect the reported amounts of assets and liabilities, revenue and expenses at the date of the consolidated financial statements.

Significant estimates include the impact of employee future benefits, other than temporary impairment of investments, accruals for payroll, asset retirement obligations, life lease deposits, capital projects in progress and useful lives of assets. Actual results could differ from these estimates.

Note 3 Cash, Cash Equivalents and Investments

|                         | 2009                   |                   | 2008              |                   |
|-------------------------|------------------------|-------------------|-------------------|-------------------|
|                         | Fair Market Value      | Cost              | Fair Market Value | Cost              |
|                         | (thousands of dollars) |                   |                   |                   |
| Cash                    | \$ 787,998             | \$ 787,998        | \$ 762,078        | \$ 762,079        |
| Money market securities | 15,328                 | 15,339            | 15,593            | 15,555            |
| Bonds                   | 131,077                | 131,606           | 137,595           | 134,966           |
| Equities                | 49,974                 | 63,894            | 60,323            | 56,032            |
| Total                   | <u>\$ 984,377</u>      | <u>\$ 998,837</u> | <u>\$ 975,589</u> | <u>\$ 968,632</u> |
| Classified as:          |                        |                   |                   |                   |
| Current                 | \$ 310,122             |                   | \$ 295,868        |                   |
| Non-current             | <u>674,255</u>         |                   | <u>679,721</u>    |                   |
|                         | <u>\$ 984,377</u>      |                   | <u>\$ 975,589</u> |                   |

- (a) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to the terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established an asset mix policy of 0 % to 100 % for fixed-income instruments and 0 % to 35 % for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

- (b) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities maturity dates range from April 2009 to December 2041. Bond yields to maturity range from 1.37% to 23.73% as at March 31, 2009 (2008 – 2.74 % to 7.64 %). The weighted average term to maturity is 9.3 years (2008 – 9.6 years).

Fixed-income securities, such as bonds, have an average effective yield of 4.60 % per annum based on the market for securities maturing within a year, 3.50 % per annum for securities maturing between 1 and 3 years, 3.50 % per annum for securities maturing between 3 and 5 years, 5.60 % per annum for securities maturing between 5 and 7 years, 4.90 % per annum for securities maturing between 7 and 10 years and 4.80 % per annum for securities maturing over 10 years.

Note 3 Cash, Cash Equivalents and Investments (continued)

(b) (continued)

As at March 31, 2009 the securities have the following term structure:

|               | 2009<br>%    | 2008<br>%    |
|---------------|--------------|--------------|
| Under 1 Year  | 11.9         | -            |
| 1 to 5 years  | 34.8         | 39.4         |
| 5 to 10 years | 31.8         | 30.7         |
| Over 10 years | 21.5         | 29.9         |
|               | <u>100.0</u> | <u>100.0</u> |

- (c) Equities are comprised of publicly traded equities in Canadian and United States resident corporations.
- (d) Capital Health excludes from current cash funds that are subject to restrictions preventing its use for current purposes. Non current cash includes amounts restricted for commitments and other non current liabilities. Capital Health uses the matching concept where current cash is matched to current liabilities and non current cash to non current liabilities.

Non-current cash and investments held relate to the following:

|  | 2009<br>(thousands of dollars) | 2008<br>(thousands of dollars) |
|--|--------------------------------|--------------------------------|
| Funds committed for long-term care partnership projects (Note 4) | \$ 43,462                      | \$ 45,136                      |
| Non-current loans - long-term care partnership projects (Note 4) | (41,942)                       | (43,597)                       |
| Deferred operating contributions (Note 6)                        | 2,767                          | 3,736                          |
| Deferred capital contributions (Note 7)                          | 703,915                        | 828,553                        |
| Contributions receivable   | (43,875)                       | (163,563)                      |
| Asset retirement obligation (Note 5(c))                          | 9,928                          | 9,456                          |
|  | <u>\$ 674,255</u>              | <u>\$ 679,721</u>              |

Note 4 Long-term Care Partnership Projects

Capital Health uses the Forgivable Mortgage Model for reporting the receipt and advancement of funds for long-term care partnership projects. The Provincial Government supports partnerships between Capital Health and private, public or voluntary organizations by providing a one-time, up-front capital grant to Capital Health. These funds are recorded as deferred contributions - long-term care partnership projects, except for funds used by Capital Care Group Inc. to construct the Strathcona Care Centre and Kijoo Centre for Veterans, which are accounted for as deferred capital contributions. Capital Health in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. Capital Health does not accrue interest on the loan as Capital Health will forgive the balance of the loan following the expiry of the initial thirty years of use and any extension arrangement (not to exceed ten years).

Capital Health amortizes loans - long-term care partnership projects to facility-based continuing care services and recognizes an equal amount of revenue as other government contributions through the amortization of deferred contributions long-term care partnership projects.

a) Loans - Long-term care partnership projects

|  | 2009<br>(thousands of dollars) | 2008<br>(thousands of dollars) |
|--|--------------------------------|--------------------------------|
| Balance, beginning of year   | \$ 43,597                      | \$ 44,658                      |
| Funds advanced for construction of facilities                        | -                              | 640                            |
| Amount recognized as facility-based continuing care services expense | (1,655)                        | (1,701)                        |
| Balance, end of year   | <u>\$ 41,942</u>               | <u>\$ 43,597</u>               |

b) Deferred contributions - long-term care partnership projects

|  | 2009<br>(thousands of dollars) | 2008<br>(thousands of dollars) |
|--|--------------------------------|--------------------------------|
| Balance, beginning of year   | \$ 45,136                      | \$ 46,828                      |
| Net interest (paid) earned   | (19)                           | 9                              |
| Amount recognized as other government contribution revenue (Note 13) | (1,655)                        | (1,701)                        |
| Balance, end of year   | <u>\$ 43,462</u>               | <u>\$ 45,136</u>               |



Note 5 Capital Assets

|                                     | Cost<br>(thousands of dollars)      |                                       |                   |                    |                                      |
|-------------------------------------|-------------------------------------|---------------------------------------|-------------------|--------------------|--------------------------------------|
|                                     | Opening<br>Balance<br>April 1, 2008 | Transfers from<br>Work in<br>Progress | Additions         | Disposals          | Closing<br>Balance<br>March 31, 2009 |
| Buildings                           | \$ 1,256,018                        | \$ -                                  | \$ 225,203        | \$ -               | \$ 1,481,221                         |
| Parking lots                        | 69,548                              | -                                     | 15,436            | -                  | 85,004                               |
| Land and improvements               | 30,065                              | -                                     | -                 | -                  | 30,065                               |
| Furniture and equipment             | 695,597                             | -                                     | 152,602           | (27,038)           | 821,161                              |
| Equipment under capital lease       | 9,532                               | -                                     | -                 | -                  | 9,532                                |
| Leasehold improvements              | 5,022                               | -                                     | 1,757             | (360)              | 6,419                                |
| Projects in progress <sup>(1)</sup> | 392,288                             | -                                     | 43,401            | (13,810)           | 421,879                              |
| Intangible asset - leases           | 8,552                               | -                                     | -                 | -                  | 8,552                                |
|                                     | <u>\$ 2,466,622</u>                 | <u>\$ -</u>                           | <u>\$ 438,419</u> | <u>\$ (41,208)</u> | <u>\$ 2,863,833</u>                  |

|                                     | Accumulated Amortization<br>(thousands of dollars) |                              |                              |                                      |                           |                           |
|-------------------------------------|--|------------------------------|------------------------------|--------------------------------------|---------------------------|---------------------------|
|                                     | Opening<br>Balance<br>April 1, 2008                | Current year<br>amortization | Amortization<br>on Disposals | Closing<br>Balance<br>March 31, 2009 | Net<br>Book Value<br>2009 | Net<br>Book Value<br>2008 |
| Buildings                           | \$ 461,567   | \$ 35,727                    | \$ -                         | \$ 497,294                           | \$ 983,927                | \$ 791,843                |
| Parking lots                        | 32,641   | 2,849                        | -                            | 35,490                               | 49,514                    | 36,907                    |
| Land and improvements               | 4,035  | 3                            | -                            | 4,038                                | 26,007                    | 26,010                    |
| Furniture and equipment             | 497,344  | 88,858                       | (16,738)                     | 569,474                              | 251,687                   | 198,253                   |
| Equipment under capital lease       | 9,532  | -                            | -                            | 9,532                                | -                         | -                         |
| Leasehold improvements              | 4,365  | 567                          | (305)                        | 4,627                                | 1,792                     | 3,265                     |
| Projects in progress <sup>(1)</sup> | -  | -                            | -                            | -                                    | 421,879                   | 392,288                   |
| Intangible asset - leases           | 6,998  | 1,427                        | -                            | 8,425                                | 127                       | 1,554                     |
|                                     | <u>\$ 1,016,502</u>                                | <u>\$ 129,431</u>            | <u>\$ (17,033)</u>           | <u>\$ 1,128,900</u>                  | <u>\$ 1,734,933</u>       | <u>\$ 1,450,120</u>       |

<sup>(1)</sup> Projects in progress include the Royal Alexandra Hospital redevelopment, University of Alberta Hospital operating rooms, Alberta Health Institute, other major capital upgrades and information technology projects under development.

(a) Land

Land at the following sites has been leased to Capital Health at nominal values:

| Site                              | Leased From      | Lease Period |
|-----------------------------------|------------------|--------------|
| McCormell Place North             | City of Edmonton | Expires 2035 |
| Northeast Community Health Centre | City of Edmonton | Expires 2048 |

Note 5 Capital Assets (continued)

(b) Capital assets have been funded from the following sources:

|  | 2009<br>(thousands of dollars) | 2008<br>(thousands of dollars) |
|--|--------------------------------|--------------------------------|
| Externally funded (unamortized external capital contributions) | \$ 1,496,687                   | \$ 1,262,275                   |
| Internally funded (investment in capital assets)               | 224,621                        | 174,983                        |
| Financed through:  |                                |                                |
| Life lease deposits (Note 8)                                   | 13,625                         | 12,862                         |
|  | <u>\$ 1,734,933</u>            | <u>\$ 1,450,120</u>            |

(c) Asset Retirement Obligation (amounts in thousands of dollars)

Capital Health has recorded a liability for asset retirement obligation of \$9,928 (2008 - \$9,456). The asset retirement obligation represents the legal obligation to remove asbestos from four Capital Health buildings. Amortization of facilities and improvements includes amortization of \$2,104 (2008 - \$2,104) related to asset retirement obligation. Interest of \$472 (2008 - \$449) is recorded on the asset retirement obligation. Revenue equal to the amortization expense is recorded as amortization of external capital contributions. Revenue equal to interest expense is recorded as other government contributions.



**Note 6 Deferred Operating Contributions**

The balance at the end of the year is restricted from the following sources:

|                                | 2009                   | 2008              |
|--------------------------------|------------------------|-------------------|
|                                | (thousands of dollars) |                   |
| <b>Current</b>                 |                        |                   |
| Alberta Health and Wellness    | \$ 82,630              | \$ 120,568        |
| Other government contributions | 383                    | 5,469             |
| Donations                      | 38,879                 | 38,736            |
| Other contributions            | 8,663                  | 8,663             |
|                                | <u>130,555</u>         | <u>173,436</u>    |
| <b>Non-current</b>             | <u>2,767</u>           | <u>3,736</u>      |
|                                | <u>\$ 133,322</u>      | <u>\$ 177,172</u> |

**Note 7 Deferred Capital Contributions**

The balance at the end of the year is restricted for the following purposes:

|                             | 2009                   | 2008              |
|-----------------------------|------------------------|-------------------|
|                             | (thousands of dollars) |                   |
| Facilities and improvements | \$ 534,859             | \$ 599,084        |
| Information systems         | 116,016                | 142,351           |
| Equipment                   | 53,040                 | 87,118            |
|                             | <u>\$ 703,915</u>      | <u>\$ 828,553</u> |

**Note 8 Life Lease Deposits**

Pending for the Laurier House facilities, a project for long-term care residents, is provided by the tenants with a non-interest bearing repayment deposit, for the right to occupy the unit they are leasing. When the life lease agreement is terminated, which may be by death of the tenant or the tenant moving out, the life lease deposit is returned to the tenant without interest and in accordance with the terms of the Life Lease Agreement. Capital Health has a liability for life lease deposits of \$13,625 (2008 - \$12,862) based on a discharge rate of 25% and a discount rate of 4%, representing the bank secured lending rate. The reported liability is based on estimates and assumptions with respect to events extending over a 4 year period using the best information available to management.

**Note 9 Accumulated Surplus/(Deficit)**

Capital Health's accumulated surplus/(deficit) comprises the following:

|   | 2009                   | 2008             |
|---|------------------------|------------------|
|   | (thousands of dollars) |                  |
| Unrestricted deficiency                                 | \$ (102,671)           | \$ (21,923)      |
| Cumulative net unrealized (losses)/gains on investments | (14,460)               | 6,957            |
| Internally restricted net assets:                       |                        |                  |
| Employee benefits rate stabilization reserve            | -                      | 14,020           |
| Program funds   | -                      | 9,943            |
| Equipment and information systems                       | -                      | 33,123           |
|   | <u>\$ (117,131)</u>    | <u>\$ 42,120</u> |

In 2009, the Alberta Health Services Board has unrestricted all funds that were previously internally restricted.

Capital Health has reported an accumulated deficit at March 31, 2009. Per Alberta Regulation 15/95 of the RHA Act, AHS will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

**Note 10 Commitments and Contingencies**

**(a) Operating Leases**

Capital Health is committed to operating lease payments in future years as follows:

| (thousands of dollars)       |                  |
|------------------------------|------------------|
| For the year ending March 31 |                  |
| 2010                         | \$ 14,162        |
| 2011                         | 13,444           |
| 2012                         | 11,162           |
| 2013                         | 7,503            |
| 2014                         | 2,176            |
| and thereafter               | 322              |
|                              | <u>\$ 48,769</u> |

The leases expire at various dates from 2010 to 2021.

**(b) Capital Assets**

Capital Health has the following outstanding contractual commitments for capital assets:

| 2009<br>(thousands of dollars) |                   |
|--------------------------------|-------------------|
| Capital projects               | \$ 742,683        |
| Information systems            | 3,668             |
| Equipment                      | 36,563            |
|                                | <u>\$ 782,914</u> |

**(c) Contracted Health Services**

Capital Health contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region. In addition Capital Health has ongoing contracts for laundry, laboratory, waste management, security and radiology services. Capital Health has contracted for services in the year ending March 31, 2009 similar to those provided by these operators in 2008.

**Note 10 Commitments and Contingencies (continued)**

**(d) Contingencies**

Capital Health has been named as a defendant in a legal action in respect of increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied. The outcome of the claim is not determinable.

In the ordinary course of operations, various claims and lawsuits are brought against Capital Health. While it is not possible to estimate the ultimate liability with respect to the pending litigation, Capital Health believes there will be no material adverse effect on its financial position.

**Note 11 Budget**

The budget was prepared by management and accepted as information by the Capital Health Finance Committee of the Board on April 29, 2008, and submitted to the Minister of Health and Wellness. Over the course of the fiscal year, the Minister provided additional funding of \$100 million. Management has allocated these additional resources to address funding requirements.

**Note 12 Alberta Health and Wellness Contributions**

|  | 2009                   | 2008                |
|--|------------------------|---------------------|
|  | (thousands of dollars) |                     |
| Unrestricted funding   | \$ 2,596,599           | \$ 2,294,773        |
| Transfers from deferred operating contributions              | 187,623                | 150,703             |
| Alberta Health and Wellness payments to contract operators:  |                        |                     |
| Legacy Mortgage Assistance Program for nursing home upgrades | 610                    | 675                 |
|  | <u>\$ 2,784,832</u>    | <u>\$ 2,446,151</u> |

Note 13 Other Government Contributions

|   | 2009                   | 2008             |
|---|------------------------|------------------|
|   | (thousands of dollars) |                  |
| Alberta Infrastructure and Transportation   | \$ 1,127               | \$ 1,119         |
| Alberta Mental Health Board   | 37,932                 | 30,655           |
| Transition grants from East Central Health  | 13,270                 | -                |
| School health initiatives   | 7,763                  | 6,438            |
| Federal government projects   | 364                    | 221              |
| AADAC smoking cessation   | 904                    | 794              |
| Fair value of rent less rent charges for non-acute care facilities used by Capital Health | -                      | 24               |
| Fair value of use of non-owned acute care facilities                                      | 13,460                 | 11,238           |
| Amortization of long-term care partnership deferred contribution (Note 4)                 | 1,635                  | 1,701            |
| Other   | 1,404                  | 1,623            |
|   | <u>\$ 77,879</u>       | <u>\$ 53,813</u> |

Note 14 Ancillary Operations

|                            | 2009                   |                  |                      |                                 | 2008             |                                 |
|----------------------------|------------------------|------------------|----------------------|---------------------------------|------------------|---------------------------------|
|                            | (thousands of dollars) |                  |                      |                                 |                  |                                 |
|                            | Revenue                | Direct Expenses  | Amortization Expense | Excess of Revenue over Expenses | Revenue          | Excess of Revenue over Expenses |
| Parking operations         | \$ 16,569              | \$ 6,648         | \$ 2,939             | \$ 6,982                        | \$ 15,006        | \$ 7,308                        |
| Non-patient food services  | 15,867                 | 15,417           | 30                   | 420                             | 15,420           | 1,225                           |
| Sale of goods and services | 13,395                 | 14,238           | 53                   | (896)                           | 9,753            | 191                             |
| Other                      | 5,439                  | 2,234            | 8                    | 3,217                           | 9,146            | 2,893                           |
|                            | <u>\$ 51,290</u>       | <u>\$ 38,537</u> | <u>\$ 3,030</u>      | <u>\$ 9,723</u>                 | <u>\$ 49,325</u> | <u>\$ 11,617</u>                |

Ancillary expenses are reported in support services in the Consolidated Statement of Operations.

Note 15 Investment and Other Income

|                      | 2009                   | 2008              |
|----------------------|------------------------|-------------------|
|                      | (thousands of dollars) |                   |
| Investment income    | \$ 13,931              | \$ 28,870         |
| Other contributions  | 50,496                 | 36,821            |
| Sales and recoveries | 39,416                 | 34,497            |
|                      | <u>\$ 103,843</u>      | <u>\$ 100,188</u> |

Investment income comprises interest, dividends, amortization of discount and premiums, net realized gains and losses on disposal of investments, and other than temporary impairment loss on financial assets classified as available-for-sale, which amounted to \$1,136.

Note 16 Related Parties

(a) Province of Alberta

The Minister of Health and Wellness appoints the members of Alberta Health Services Board. Capital Health is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

(b) Health Regions and Other Related Parties

Capital Health shares a common relationship with other health regions through its relationship with the Province of Alberta. Transactions between Capital Health and other health regions are reported in the consolidated financial statements.

Capital Health had the following transactions with other health regions recorded in the Consolidated Statement of Financial Position and Consolidated Statement of Operations at the amounts agreed upon by the related parties:

|                                | Receivable from        |                 | Payable to      |                 |
|--------------------------------|------------------------|-----------------|-----------------|-----------------|
|                                | 2009                   | 2008            | 2009            | 2008            |
|                                | (thousands of dollars) |                 |                 |                 |
| Ministry of Advanced Education | \$ -                   | \$ 830          | \$ 6,364        | \$ 6,136        |
| Other Ministries               | 3,666                  | 473             | 22              | 116             |
| Health related boards          | 323                    | 956             | 1,454           | 35              |
| Other health regions           | 13,960                 | 980             | 278             | 1,320           |
|                                | <u>\$ 17,949</u>       | <u>\$ 3,239</u> | <u>\$ 8,118</u> | <u>\$ 7,607</u> |

|                                | Revenue                |                  | Expenses         |                  |
|--------------------------------|------------------------|------------------|------------------|------------------|
|                                | 2009                   | 2008             | 2009             | 2008             |
|                                | (thousands of dollars) |                  |                  |                  |
| Ministry of Advanced Education | \$ 5,531               | \$ 10,125        | \$ 46,585        | \$ 54,380        |
| Other Ministries               | 5,099                  | 5,916            | 768              | 792              |
| Health related boards          | 39,607                 | 33,668           | 2,116            | 248              |
| Other health regions           | 19,580                 | 13,433           | 12,636           | 4,330            |
|                                | <u>\$ 69,817</u>       | <u>\$ 63,142</u> | <u>\$ 62,105</u> | <u>\$ 59,750</u> |

Note 16 Related Parties (continued)

(c) Primary Care Networks (thousands of dollars)

Capital Health's 50% interest in the Primary Care Networks are included in the consolidated financial statements using the proportionate consolidation method. Assets and liabilities of \$18,123 (2008 - \$16,130) and income and expenses of \$13,443 (2008 - \$10,317) have been included in the consolidated financial statements.

Contributions from Alberta Health and Wellness are as follows:

|  | 2009                   | 2008             |
|--|------------------------|------------------|
|  | (thousands of dollars) |                  |
| Opening balance                                | \$ 15,184              | \$ 11,011        |
| Contributions from Alberta Health and Wellness | 12,655                 | 12,370           |
| Amounts recognized as revenue                  | (11,038)               | (8,197)          |
| Amounts deferred                               | <u>\$ 16,801</u>       | <u>\$ 15,184</u> |

(d) Foundations

The following controlled foundations are not consolidated in these statements:

- Port Saskatchewan Hospital Foundation
- Alberta Hospital Edmonton and Community Mental Health Foundation

Amounts held by the Foundations are not significant.

Note 16 Related Parties (continued)

(e) Foundations (continued)

Capital Health has an economic interest in the following foundations:

|  | Contributions Received <sup>(1)</sup> |                  | Resources Held by Foundations      |                       |                 |
|--|---------------------------------------|------------------|------------------------------------|-----------------------|-----------------|
|  |                                       |                  | 2009                               |                       |                 |
|  | 2009                                  | 2008             | Endowments & Internally Restricted | Internally Restricted | Unrestricted    |
|  |                                       |                  | (thousands of dollars)             |                       |                 |
| University Hospital Foundation             | \$ 4,010                              | \$ 13,622        | \$ 43,883                          | \$ 6,981              | \$ 7,053        |
| Royal Alexandra Hospital Foundation        | 1,186                                 | 2,708            | 24,309                             | 797                   | (2,210)         |
| Stollery Children's Hospital Foundation    | 1,563                                 | 2,818            | 6,922                              | 15,868                | -               |
| Capital Care Foundation                    | 587                                   | 640              | 1,089                              | 180                   | 351             |
| Black Gold Health Foundation               | -                                     | 99               | 288                                | -                     | 43              |
| Glenrose Foundation                        | 468                                   | 233              | 1,193                              | 1,576                 | 538             |
| Sturgeon Community Hospital Foundation     | 133                                   | 239              | 940                                | (178)                 | 321             |
| Council of Foundations                     | -                                     | -                | -                                  | -                     | -               |
| Tri Community Health & Wellness Foundation | -                                     | -                | 15                                 | 4                     | 67              |
| Devon Hospital Foundation                  | 30                                    | 105              | 23                                 | -                     | 383             |
|  | <u>\$ 7,977</u>                       | <u>\$ 20,486</u> | <u>\$ 78,642</u>                   | <u>\$ 25,228</u>      | <u>\$ 6,468</u> |

<sup>(1)</sup> Contributions comprise externally restricted amounts for equipment, programs, research and education.

Note 16 Related Parties (continued)

(e) Foundations (continued)

Amounts related to administrative support provided to foundations and the amounts receivable from (payable to) the foundations at year-end are as follows:

|  | Administrative Support |               | Accounts Receivable (Payable) |               |
|--|------------------------|---------------|-------------------------------|---------------|
|  | 2009                   | 2008          | 2009                          | 2008          |
|  | (thousands of dollars) |               |                               |               |
| University Hospital Foundation                           | \$ -                   | \$ -          | \$ 213                        | \$ 370        |
| Royal Alexandra Hospital Foundation                      | -                      | -             | -                             | -             |
| Stollery Children's Hospital Foundation                  | -                      | -             | -                             | 7             |
| Capital Care Foundation                                  | 262                    | 181           | 245                           | -             |
| Black Gold Health Foundation                             | -                      | -             | 9                             | 7             |
| Glenrose Foundation                                      | -                      | -             | 122                           | 220           |
| Sturgeon Community Hospital Foundation                   | -                      | -             | 129                           | 125           |
| Council of Foundations                                   | -                      | -             | -                             | -             |
| Tri Community Health & Wellness Foundation (Stony Plain) | -                      | -             | -                             | -             |
| Devon Hospital Foundation                                | -                      | -             | -                             | 51            |
|  | <u>\$ 262</u>          | <u>\$ 181</u> | <u>\$ 718</u>                 | <u>\$ 790</u> |

(f) Other Voluntary Organizations

Capital Health has an economic interest in the following organizations affiliated with the hospitals:

|   | Contributions Received |               | Resources Held by Organizations    |                       |              |
|---|------------------------|---------------|------------------------------------|-----------------------|--------------|
|   |                        |               | 2009                               |                       |              |
|   | 2009                   | 2008          | Endowments & Internally Restricted | Internally Restricted | Unrestricted |
|   |                        |               | (thousands of dollars)             |                       |              |
| The Friends of University Hospital                  | \$ 98                  | \$ 151        | \$ -                               | \$ -                  | \$ -         |
| Royal Alexandra Hospital Women's Auxiliary          | -                      | -             | -                                  | -                     | -            |
| Sturgeon Healthcare Auxiliary Volunteer Association | -                      | -             | -                                  | -                     | -            |
| Glenrose Rehabilitation Hospital Women's Auxiliary  | -                      | -             | -                                  | -                     | -            |
| Stony Plain and District Health Centre Auxiliary    | 20                     | 13            | -                                  | -                     | -            |
|   | <u>\$ 117</u>          | <u>\$ 164</u> | <u>\$ -</u>                        | <u>\$ -</u>           | <u>\$ -</u>  |

**Note 17 Trust Funds (thousands of dollars)**

Capital Health receives funds in trust from Alberta Health and Wellness for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the consolidated financial statements. During the year Capital Health received \$623 (2008 - \$10,085) and disbursed \$679 (2008 - \$9,201) for capital and facility repairs for non-owned facilities. The balance of funds held by Capital Health is \$1,003 (2008 - \$1,059).

Capital Health also receives trust funds from Alberta Health and Wellness for certain special programs that are not reported in the consolidated financial statements. The balance of funds held by Capital Health at the end of 2008/09, including interest where applicable, was \$215 (2008 - \$1,715).

**Note 18 Employee Future Benefits (thousands of dollars)**

**(i) Pension Obligation**

Capital Health participates in the Local Authorities Pension Plan (LAPP), which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to Capital Health annual contributions payable. In the current fiscal year, employer contribution rates were 8.46% for earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 11.66% for earnings above YMPE. The LAPP Board of Trustees cautions that depending on LAPP's return on investments over the next few years and other factors such as interest rates, retirement rates and other demographic cost changes, further rate increases could be necessary. At December 31, 2008 LAPP reported a deficiency of \$4,413,971 (2008 - deficiency of \$1,183,334).

**Note 18 Employee Future Benefits (amounts in thousands of dollars) (continued)**

**(ii) Supplemental Executive Retirement Plan**

Capital Health has a non-contributory defined benefit supplemental executive retirement plan for certain management staff. There are no cash payments made to staff relating to this plan until their retirement. The plan is secured by a letter of credit from a financial institution. The plan's assets are held in a refundable tax account with the Canada Revenue Agency. An actuarial valuation of the accrued benefit obligation is completed at the end of each calendar year. The obligation and pension expense can vary with changes in actuarial assumptions used to estimate the obligation.

|  | 2009                   | 2008       |
|--|------------------------|------------|
|  | (thousands of dollars) |            |
| Accrued benefit obligation   |                        |            |
| Accrued benefit obligation, beginning of year  | \$ 7,121               | \$ 5,719   |
| Current service cost   | 414                    | 450        |
| Interest cost  | 395                    | 343        |
| Prior service cost   | -                      | 431        |
| Actuarial (gain) loss  | (235)                  | 305        |
| Benefit payments   | (701)                  | (127)      |
| Accrued benefit obligation, end of year  | \$ 6,994               | \$ 7,121   |
| Reconciliation of funded status of accrued benefit liability                             |                        |            |
| Plan deficit   | \$ (6,844)             | \$ (7,017) |
| Unamortized prior service costs  | 596                    | 789        |
| Accrued liability  | \$ (6,248)             | \$ (6,228) |
| Current service costs  | 414                    | 450        |
| Interest cost  | 395                    | 343        |
| Amortization of prior service costs  | 193                    | 193        |
| Amortization of net actuarial loss/gain  | (235)                  | 305        |
|  | \$ 767                 | \$ 1,291   |
| Significant actuarial assumptions are as follows   | 2009                   | 2008       |
| Discount rate  | 7.00%                  | 5.50%      |
| Expected average remaining service life of employees                                     | 5.8 years              | 5.10 years |
| Salary increase  | 5.00%                  | 5.00%      |
| The above information is based on an actuarial valuation performed at December 31, 2008. |                        |            |
| Plan assets  |                        |            |
| Market value of plan assets (held by Canada Revenue Agency)                              | \$ 150                 | \$ 104     |



**Note 18 Employee Future Benefits (continued)**

**(iii) Pension Expense**

Pension plan expense comprises the following:

|  | 2009                   | 2008             |
|--|------------------------|------------------|
|  | (thousands of dollars) |                  |
| Local Authorities Pension Plan         | \$ 81,769              | \$ 70,554        |
| Supplemental Executive Retirement Plan | 767                    | 1,291            |
|  | <u>\$ 82,536</u>       | <u>\$ 71,845</u> |

**(iv) Other Future Benefits**

Basic life, accidental death and dismemberment, short term disability, long term disability, extended health, dental and vision benefits are fully funded with benefits carriers. Capital Health paid \$38,318 (2008 - \$33,129) and drew down its discretionary reserves by \$3,281 (2008 - \$680 increase in discretionary reserves) resulting in a total expense of \$41,599 (2008 - \$33,809). Discretionary reserves of \$10,739 (2008 - \$14,020) are held by the benefits carriers in interest bearing accounts and are included in other receivables in the Consolidated Statement of Financial Position. There is no actuarial valuation completed; however, the plan funding for expenses and required reserves is based on actual experience.

Accumulated sick leave credits are calculated based on actual entitlements of current employee staff who qualify for this benefit. A liability of \$116 (2008 - \$119) and expense of \$3 (2008 - \$25) is recorded in the consolidated financial statements.

Supplementary unemployment benefit expense is based on actual payments and an accrual for incurred but not reported claims. A liability of \$347 (2008 - \$353) and expense of \$1,515 (2008 - \$1,540) is recorded in the consolidated financial statements.

**Note 19 Transition Costs**

As at March 31, 2009, Capital Health recorded incremental transition and restructuring expenses, related to the transition to Alberta Health Services, consisting of severance and termination benefits (Schedule 2), retention payments, professional services and consulting costs. These expenses are included in Support Services and Administration in the Consolidated Statement of Operations. Additional incremental expenses related to the transition to Alberta Health Services are also reported and disclosed in the financial statements of East Central Health.

|   | Severance<br>Related   | Other           | Total           |
|---|------------------------|-----------------|-----------------|
|   | (thousands of dollars) |                 |                 |
| Liability as at March 31, 2008                  | \$ -                   | \$ -            | \$ -            |
| Expenses  | 5,606                  | 554             | 6,160           |
| Payments made during the year                   | (5,023)                | (314)           | (5,337)         |
| Liability as at March 31, 2009                  | <u>\$ 583</u>          | <u>\$ 240</u>   | <u>\$ 823</u>   |
| Unfunded Supplemental Executive Retirement Plan | <u>\$ -</u>            | <u>\$ 6,844</u> | <u>\$ 6,844</u> |

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and Capital Health has recorded a receivable from East Central Health for the transition costs incurred as described above.

The transition grant restrictions include payments for the unfunded status of Capital Health's Supplemental Executive Retirement Plan. Capital Health has recorded a receivable from East Central Health for the amount of the accrued benefit obligation less plan assets at the end of the year.

**Note 20 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission. Effective April 1, 2009, all the entities, including Capital Health, will be disestablished and all the assets, liabilities, rights and obligations of these entities will be assumed by East Central Health, whose name will change to Alberta Health Services ("AHS").

**Note 21 Comparative Figures**

Certain 2008 figures have been reclassified to conform to 2009 presentation.

**Note 22 Approval of Financial Statements**

These financial statements have been approved by the Alberta Health Services Board.

**CAPITAL HEALTH**  
**SCHEDULE J**  
**CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

Schedule J

Capital Health

|  | 2009                |                     | 2008                |  |
|--|---------------------|---------------------|---------------------|--|
|  | Budget<br>(Note 11) | Actual              | Actual              |  |
| Salaries, honoraria, benefits, allowances and severance (Schedule 2) | \$ 1,564,239        | \$ 1,605,142        | \$ 1,394,968        |  |
| Contracts with health service operators                              | 820,373             | 893,892             | 770,304             |  |
| Medical, consulting and other professional services                  | 223,450             | 258,146             | 209,193             |  |
| Medical and surgical supplies  | 125,173             | 139,125             | 119,212             |  |
| Drugs and gases  | 91,265              | 89,919              | 86,919              |  |
| Contracts under the Health Care Protection Act                       | 5,637               | 4,901               | 4,684               |  |
| Other <sup>(1)</sup>   | 301,463             | 305,216             | 281,904             |  |
| Amortization:  |                     |                     |                     |  |
| Capital equipment - internally funded                                | 32,000              | 29,178              | 17,573              |  |
| Capital equipment - externally funded                                | 62,000              | 59,681              | 47,918              |  |
| Facilities and improvements - internally funded                      | -                   | 6,484               | 6,081               |  |
| Facilities and improvements - externally funded                      | 32,000              | 34,088              | 31,924              |  |
| Write-off of capital assets  | -                   | 13,810              | -                   |  |
| Loss on disposal of capital assets                                   | -                   | 10,365              | 10,832              |  |
|  | <u>\$ 3,257,600</u> | <u>\$ 3,449,947</u> | <u>\$ 2,981,512</u> |  |

<sup>(1)</sup> Significant amounts under "Other" include

Office, general supplies and miscellaneous  
Diagnostic and therapeutic supplies  
Plant operations  
Equipment maintenance, rentals, minor renovations  
Food supplies  
Transportation

\$ 59,716

\$

\$ 60,088

\$ 33,723

\$ 29,512

\$ 45,582

\$ 24,240

\$ 20,696

**CAPITAL HEALTH**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

Schedule 2

|                                     | 2009                                |                            |                                       |                                       |              |                      |                       | 2008                                |               |
|-------------------------------------|-------------------------------------|----------------------------|---------------------------------------|---------------------------------------|--------------|----------------------|-----------------------|-------------------------------------|---------------|
|                                     | Number<br>of<br>FTEs <sup>(a)</sup> | Base Salary <sup>(a)</sup> | Other Cash<br>Benefits <sup>(a)</sup> | Other Non-<br>Cash Benefits<br>(a)(i) | Sub-total    | Severance            |                       | Number<br>of<br>FTEs <sup>(a)</sup> | Total         |
|                                     |                                     |                            |                                       |                                       |              | Number<br>of<br>FTEs | Amount <sup>(a)</sup> |                                     |               |
| <b>Board Compensation</b>           |                                     |                            |                                       |                                       |              |                      |                       |                                     |               |
| <b>Board Chair <sup>(a)</sup></b>   |                                     |                            |                                       |                                       |              |                      |                       |                                     |               |
| Hughes, Ken - AHS                   | 0.88                                | \$ -                       | \$ -                                  | \$ -                                  | -            | -                    | \$ -                  | -                                   | \$ -          |
| Wilkinson, Neil                     | 0.12                                | -                          | 23                                    | -                                     | 23           | -                    | -                     | 1                                   | 96            |
| <b>Board Members <sup>(a)</sup></b> |                                     |                            |                                       |                                       |              |                      |                       |                                     |               |
| Ady, Jack - AHS                     | 0.88                                | -                          | -                                     | -                                     | -            | -                    | -                     | -                                   | -             |
| Crevolin, Pierre - AHS              | 0.21                                | -                          | -                                     | -                                     | -            | -                    | -                     | -                                   | -             |
| Roozen, Catherine - AHS             | 0.63                                | -                          | -                                     | -                                     | -            | -                    | -                     | -                                   | -             |
| Hohol, Linda - AHS                  | 0.88                                | -                          | -                                     | -                                     | -            | -                    | -                     | -                                   | -             |
| Lehnert, John - AHS                 | 0.88                                | -                          | -                                     | -                                     | -            | -                    | -                     | -                                   | -             |
| Lewis, Irene - AHS                  | 0.88                                | -                          | -                                     | -                                     | -            | -                    | -                     | -                                   | -             |
| Sieben, Don - AHS                   | 0.88                                | -                          | -                                     | -                                     | -            | -                    | -                     | -                                   | -             |
| Andrechuk, Lori - AHS               | 0.33                                | -                          | -                                     | -                                     | -            | -                    | -                     | -                                   | -             |
| Bontje, Gord - AHS                  | 0.33                                | -                          | -                                     | -                                     | -            | -                    | -                     | -                                   | -             |
| Bougie, Teri - AHS                  | 0.33                                | -                          | -                                     | -                                     | -            | -                    | -                     | -                                   | -             |
| Clifford, Jim - AHS                 | 0.33                                | -                          | -                                     | -                                     | -            | -                    | -                     | -                                   | -             |
| Crowfoot, Strater - AHS             | 0.33                                | -                          | -                                     | -                                     | -            | -                    | -                     | -                                   | -             |
| Franceschini, Tony - AHS            | 0.33                                | -                          | -                                     | -                                     | -            | -                    | -                     | -                                   | -             |
| Laupacis, Andreas - AHS             | 0.33                                | -                          | -                                     | -                                     | -            | -                    | -                     | -                                   | -             |
| Winkel, Gord - AHS                  | 0.33                                | -                          | -                                     | -                                     | -            | -                    | -                     | -                                   | -             |
| Blumenthal, Leonard                 | 0.12                                | -                          | 4                                     | -                                     | 4            | -                    | -                     | 1                                   | 27            |
| Burch, Bill                         | -                                   | -                          | -                                     | -                                     | -            | -                    | -                     | 1                                   | 1             |
| Butti, Olivia                       | 0.12                                | -                          | 7                                     | -                                     | 7            | -                    | -                     | 1                                   | 33            |
| Crevolin, Pierre                    | 0.12                                | -                          | 2                                     | -                                     | 2            | -                    | -                     | 1                                   | 13            |
| Dennett, Jack                       | 0.12                                | -                          | 4                                     | -                                     | 4            | -                    | -                     | 1                                   | 18            |
| Goss, Doug                          | 0.12                                | -                          | 1                                     | -                                     | 1            | -                    | -                     | 1                                   | 5             |
| Hartwell, Vernon                    | 0.12                                | -                          | -                                     | -                                     | -            | -                    | -                     | 1                                   | -             |
| Kinsella, Wendy                     | 0.12                                | -                          | 4                                     | -                                     | 4            | -                    | -                     | 1                                   | 26            |
| Mondor, Al                          | 0.12                                | -                          | 9                                     | -                                     | 9            | -                    | -                     | 1                                   | 16            |
| Normand, Robert                     | 0.12                                | -                          | 5                                     | -                                     | 5            | -                    | -                     | 1                                   | 6             |
| Plain, Margaret                     | 0.12                                | -                          | 5                                     | -                                     | 5            | -                    | -                     | 1                                   | 21            |
| Sewell, George                      | 0.12                                | -                          | 4                                     | -                                     | 4            | -                    | -                     | 1                                   | 17            |
| Wade, Margaret                      | 0.12                                | -                          | 6                                     | -                                     | 6            | -                    | -                     | 1                                   | 18            |
| <b>Total honoraria</b>              | <b>10.32</b>                        | <b>\$ -</b>                | <b>\$ 74</b>                          | <b>\$ -</b>                           | <b>\$ 74</b> | <b>-</b>             | <b>\$ -</b>           | <b>14</b>                           | <b>\$ 297</b> |

**CAPITAL HEALTH**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

|  | 2009                          |                            |                                    |  |           | Severance      |               |       | 2008               |       |
|--|-------------------------------|----------------------------|------------------------------------|--|-----------|----------------|---------------|-------|--------------------|-------|
|  | Number of FTEs <sup>(a)</sup> | Base Salary <sup>(a)</sup> | Other Cash Benefits <sup>(a)</sup> | Other Non-Cash Benefits <sup>(a) (b)</sup> | Sub-total | Number of FTEs | Severance (c) | Total | Number of FTEs (a) | Total |
| <b>Board Direct Reports <sup>(a)</sup></b>                           |                               |                            |                                    |  |           |                |               |       |                    |       |
| President & Chief Executive Officer - AHS <sup>(a)</sup>             | 0.02                          | \$ -                       | \$ -                               | \$ -                                       | \$ -      | -              | \$ -          | \$ -  | \$ -               | \$ -  |
| Interim Chief Executive Officer - AHS <sup>(a)</sup>                 | 0.88                          | -                          | -                                  | -  | -         | -              | -             | -     | -                  | -     |
| Chief Executive Officer <sup>(a)(b)</sup>                            | 0.27                          | 147                        | 318                                | 181  | 646       | 1              | 1,510         | 2,156 | 1.00               | 915   |
| <b>Management persons reporting to the CEO: <sup>(b)</sup></b>       |                               |                            |                                    |  |           |                |               |       |                    |       |
| Senior Vice President Facilities Planning & Construction             | -                             | -                          | -                                  | -  | -         | -              | -             | -     | 1.00               | 285   |
| Executive Vice President & Chief Operating Officer - Health Services | 0.22                          | 82                         | 91                                 | 7  | 180       | -              | -             | 180   | 1.00               | 576   |
| Vice President - Academic Affairs                                    | -                             | -                          | -                                  | -  | -         | -              | -             | -     | 0.25               | 51    |
| Executive Vice President & Chief Financial Officer <sup>(a)</sup>    | 0.40                          | 160                        | 363                                | 202  | 725       | 1              | 1,027         | 1,752 | 1.00               | 688   |
| Director - Government Affairs <sup>(a)</sup>                         | 0.51                          | 73                         | 100                                | 4  | 177       | 1              | 254           | 431   | 1.00               | 211   |
| Vice President - Human Resources <sup>(a)</sup>                      | 0.48                          | 126                        | 179                                | 63   | 368       | 1              | 466           | 834   | 1.00               | 411   |
| Vice President - Medical Affairs <sup>(a)</sup>                      | 0.75                          | 264                        | 114                                | 20   | 398       | 1              | 387           | 785   | 1.00               | 402   |
| Senior Vice President - Public Affairs                               | 0.44                          | 92                         | 60                                 | 40   | 192       | 1              | 309           | 501   | 1.00               | 247   |
| Executive Director   | 0.28                          | 45                         | 87                                 | 33   | 165       | 1              | 264           | 429   | 1.00               | 224   |

**CAPITAL HEALTH**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

|   | 2009                          |                            |                                    |   |                     | Severance      |                       |                     | 2008                          |                     |
|---|-------------------------------|----------------------------|------------------------------------|---|---------------------|----------------|-----------------------|---------------------|-------------------------------|---------------------|
|   | Number of FTEs <sup>(a)</sup> | Base Salary <sup>(a)</sup> | Other Cash Benefits <sup>(c)</sup> | Other Non-Cash Benefits <sup>(b)(d)</sup> | Sub-total           | Number of FTEs | Amount <sup>(e)</sup> | Total               | Number of FTEs <sup>(a)</sup> | Total               |
| Other management person(s) reporting to those above<br>(avg. 2009 \$117 , avg. 2007 \$111)<br>(excluding severance)                         | 1,365                         | \$ 126,611                 | \$ 8,603                           | \$ 23,888                                 | \$ 159,102          | 25             | \$ 1,980              | \$ 161,082          | 1,264                         | \$ 140,890          |
| Medical doctors not included above<br>(avg. 2009 \$245 , avg. 2008 \$241)<br>(excluding severance)  | 33                            | 7,093                      | 306                                | 683                                       | 8,082               | -              | -                     | 8,082               | 31                            | 7,478               |
| Regulated nurses not included above<br>- RNs, Reg. Psych. Nurses, Grad Nurses<br>(avg. 2009 \$99 , avg. 2008 \$94)<br>(excluding severance) | 5,813                         | 400,323                    | 95,867                             | 78,272                                    | 574,462             | 1              | 20                    | 574,482             | 5,484                         | 514,021             |
| - LPNs<br>(avg. 2009 \$66 , avg. 2008 \$59)<br>(excluding severance)  | 1,066                         | 51,934                     | 9,541                              | 9,167                                     | 70,642              | -              | -                     | 70,642              | 907                           | 53,593              |
| Other health technical and professionals<br>(avg. 2009 \$95 , avg. 2008 \$87)<br>(excluding severance)                                      | 2,969                         | 207,983                    | 27,137                             | 47,475                                    | 282,595             | 1              | 30                    | 282,625             | 2,834                         | 247,319             |
| Unregulated health service providers<br>(avg. 2008 \$50 , avg. 2008 \$45)<br>(excluding severance)  | 1,525                         | 56,813                     | 8,182                              | 11,517                                    | 76,512              | 3              | 135                   | 76,647              | 1,462                         | 65,697              |
| Other frontline staff<br>(avg. 2009 \$59 , avg. 2008 \$54)<br>(excluding severance)   | 7,191                         | 322,481                    | 31,356                             | 70,100                                    | 423,937             | 23             | 503                   | 424,440             | 6,718                         | 361,663             |
| <b>Capital Health Total</b>   | <b>19,976.57</b>              | <b>\$ 1,174,227</b>        | <b>\$ 182,378</b>                  | <b>\$ 241,652</b>                         | <b>\$ 1,598,257</b> | <b>60</b>      | <b>\$ 6,885</b>       | <b>\$ 1,605,142</b> | <b>18,723</b>                 | <b>\$ 1,394,968</b> |

**CAPITAL HEALTH**  
**CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED MARCH 31, 2009**

- a. Full time equivalent (FTE) is determined at a rate of 2,022.75 hours for each full-time employee. Total actual discrete number of individuals employed during the year was 32,781 (2008 - 29,927). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include honoraria, bonuses, overtime and lump sum payments.  
For the CEO and management persons reporting to the CEO, amount includes vacation payouts earned in prior years that were not previously disclosed by individual.
- d. Other non-cash benefits include:
  - Employer's current service and other costs of supplementary executive retirement plan per (f) below.
  - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
  - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination, which are not in other benefits.
- f. Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for the rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2(e) Employee Future Benefits and (Note 9) Long-term Employee Benefit Liabilities.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.



## Schedule 2 (continued)

## SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

(thousands of dollars)

|   | 2009                    |                        |                                  | 2008                             |   |                                   |   |  |           | Accrued<br>Benefit<br>Obligation<br>March 31,<br>2009 |
|---|-------------------------|------------------------|----------------------------------|----------------------------------|---|-----------------------------------|---|--|-----------|---|
|   | Current<br>Service Cost | Other<br>SERP<br>Costs | Total Pension<br>Plan<br>Expense | Total<br>Pension Plan<br>Expense | Accrued<br>Liability<br>March 31,<br>2008 | Change in<br>Accrued<br>Liability | Accrued<br>Liability<br>March 31,<br>2009 | Unamortized<br>Prior Service<br>Costs <sup>(1)</sup> |           |   |
| <sup>(2)</sup> President & Chief Executive Officer                      | \$ 83                   | 87                     | 170                              | \$ 242                           | \$ 1,857                                  | \$ 82                             | \$ 1,939                                  | \$ 79  | \$        | 2,018   |
| <sup>(3)</sup> Senior Vice President Facilities Planning & Construction | -                       | (11)                   | (11)                             | (62)                             | 734                                       | (105)                             | 629                                       | 6  |           | 635   |
| Executive Vice President & Chief Operating Officer                      |                         |                        |                                  |                                  |   |                                   |   |  |           |   |
| - Health Services   | 36                      | (33)                   | 3                                | 146                              | 478                                       | (187)                             | 291                                       | 72   |           | 363   |
| <sup>(4)</sup> Executive Vice President & Chief Financial Officer       | 46                      | 143                    | 189                              | 218                              | 779                                       | 189                               | 968                                       | 274  |           | 1,242   |
| <sup>(5)</sup> Director Government Affairs                              | 8                       | (19)                   | (11)                             | 30                               | 82  | (37)                              | 45  | 5  |           | 50  |
| <sup>(6)</sup> Vice President - Human Resources                         | 25                      | 25                     | 50                               | 90                               | 438                                       | 50                                | 488                                       | 89   |           | 577   |
| <sup>(7)</sup> Senior Vice President - Public Affairs                   | 17                      | 10                     | 27                               | -                                | 53  | 24                                | 77  | -  |           | 77  |
| <sup>(8)</sup> Executive Director                                       | 6                       | 16                     | 22                               | 26                               | 150                                       | 10                                | 160                                       | 23   |           | 183   |
| <sup>(9)</sup> Other members  | 193                     | 135                    | 328                              | 601                              | 1,761                                     | 40                                | 1,801                                     | 48   |           | 1,849   |
|   | <u>\$ 414</u>           | <u>\$ 353</u>          | <u>\$ 767</u>                    | <u>\$ 1,291</u>                  | <u>\$ 6,332</u>                           | <u>\$ 66</u>                      | <u>\$ 6,398</u>                           | <u>\$ 596</u>  | <u>\$</u> | <u>6,994</u>  |

Note: Pension payments indicated below are not reported in thousands of dollars.

<sup>(1)</sup> Unamortized past year costs are in respect of past service improvements which have not yet been reflected on Capital Health's balance sheet but will make their way onto the balance sheet over time.<sup>(2)</sup> President & Chief Executive Officer is receiving monthly SERP payments of \$22,072 for 10 years<sup>(3)</sup> Senior Vice President Facilities Planning & Construction is receiving monthly SERP payments of \$7,972 for 10 years<sup>(4)</sup> Executive Vice President & Chief Financial Officer is receiving monthly SERP payments of \$13,303 for 10 years<sup>(5)</sup> Director Government Affairs is receiving 3 annual SERP payments of \$26,447<sup>(6)</sup> Vice President - Human Resources is receiving monthly SERP payments of \$6,174 for 10 years<sup>(7)</sup> Senior Vice President - Public Affairs is receiving monthly SERP payments of \$845 for 10 years<sup>(8)</sup> Executive Director is receiving monthly SERP payments of \$2,036 for 10 years<sup>(9)</sup> Other members eligible for SERP payments are either receiving annual or monthly payments

Schedule 2 (continued)

- g. On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services (AHS) interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- h. Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- i. On July 8, 2008 the Region's CBO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- j. Management persons reporting to CEO reflect FTE's and costs for 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Between July 8, 2008 and December 31, 2008, management persons reporting to the CEO terminated or retired from their positions due to restructuring and as incumbents left, individuals categorized as other management assumed their responsibilities. Costs for these individuals are reported in the category of Management persons reporting to direct reports to the CEO.
- k. These individuals are provided with a vehicle or vehicle allowance. No dollar amount is included under (c) above.

**ASPEN REGIONAL HEALTH AUTHORITY**

**FINANCIAL STATEMENTS**

**MARCH 31, 2009**

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries and Benefits

**ASPEN HEALTH REGION**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**MARCH 31, 2009**  
**FINANCIAL STATEMENTS**

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

The region members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Office of the Auditor General to review financial matters, and recommends the financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Office of the Auditor General of Alberta has free access to the Audit and Finance Committee.

The Office of the Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and procedures, which allow to him to report on the fairness of the financial statements prepared by management.

[Original signed]

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Shelly Pusch  
CFO - Aspen Health Region

[Original signed]

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Chris Mazurkewich  
CFO - Alberta Health Services

[Original signed]

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Dr. Stephen Duckett  
CEO - Alberta Health Services



## Auditor's Report

To the Members of the Alberta Health Services Board  
and the Minister of Health and Wellness

I have audited the statement of financial position of the Aspen Health Region (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2008 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated June 9, 2008.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

## ASPEN REGIONAL HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION March 31, 2009 (in thousands)

|   | 2009<br>Actual    | 2008<br>Actual    |
|---|-------------------|-------------------|
|   |                   | Restated (Note 3) |
| <b>ASSETS</b>   |                   |                   |
| Current:  |                   |                   |
| Cash, cash equivalents and investments (Note 4)             | \$ 47,892         | \$ 44,114         |
| Accounts receivable   | 5,102             | 5,681             |
| Contributions receivable from Alberta Health and Wellness   | 432               | 15,127            |
| Inventories   | 1,853             | 1,638             |
| Prepaid expenses  | 3,882             | 3,771             |
|   | <u>59,161</u>     | <u>70,331</u>     |
| Non current cash, cash equivalents and investments (Note 4) | 18,690            | 30,719            |
| Capital assets (Note 5)                                     | 174,661           | 177,050           |
| Other assets (Note 6)                                       | 2,217             | 2,299             |
| <b>TOTAL ASSETS</b>   | <b>\$ 254,729</b> | <b>\$ 280,399</b> |
| <b>LIABILITIES AND NET ASSETS</b>                           |                   |                   |
| Current:  |                   |                   |
| Accounts payable and accrued liabilities                    | \$ 25,836         | \$ 25,920         |
| Accrued vacation pay  | 13,421            | 11,804            |
| Deferred contributions (Note 7)                             | 20,729            | 20,005            |
|   | <u>59,986</u>     | <u>57,729</u>     |
| Deferred contributions (Note 7)                             | 2,217             | 2,299             |
| Deferred capital contributions (Note 8)                     | 24,324            | 29,262            |
| Unamortized external capital contributions                  | 159,176           | 162,154           |
|   | <u>245,703</u>    | <u>251,444</u>    |
| Net assets:   |                   |                   |
| Accumulated (deficit)/surplus (Note 10)                     | (6,459)           | 3,377             |
| Accumulated surplus internally restricted (Note 10)         | -                 | 8,485             |
| Investment in capital assets                                | 15,485            | 14,896            |
| Cumulative net unrealized gains on investments              | -                 | 2,197             |
|   | <u>9,026</u>      | <u>28,955</u>     |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                     | <b>\$ 254,729</b> | <b>\$ 280,399</b> |

**ASPEN REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended March 31, 2009**  
(in thousands)

|   | 2009                |                    | 2008               |
|---|---------------------|--------------------|--------------------|
|   | Budget<br>(Note 12) | Actual             | Actual<br>(Note 1) |
| <b>Revenue</b>                                      |                     |                    |                    |
| Alberta Health and Wellness contributions (Note 13) | \$ 251,941          | \$ 246,661         | \$ 238,576         |
| Other government contributions (Note 14)            | 1,187               | 977                | 1,199              |
| Fees and charges                                    | 26,842              | 25,727             | 23,554             |
| Ancillary operations (Note 15)                      | 1,518               | 1,675              | 1,622              |
| Donations   | 300                 | 427                | 392                |
| Investment and other income (Note 16)               | 9,271               | 8,323              | 9,636              |
| Amortized external capital contributions            | 9,594               | 10,548             | 9,134              |
| <b>TOTAL REVENUE</b>                                | <b>300,653</b>      | <b>294,338</b>     | <b>284,113</b>     |
| <b>Expenses (Schedule 1)</b>                        |                     |                    |                    |
| Inpatient acute nursing services                    | 46,203              | 47,208             | 43,908             |
| Emergency and outpatient services                   | 25,700              | 26,538             | 24,549             |
| Facility-based continuing care services             | 34,318              | 36,280             | 33,563             |
| Community-based care                                | 19,713              | 19,974             | 17,482             |
| Home care   | 15,650              | 16,542             | 14,743             |
| Diagnostic and therapeutic services                 | 56,770              | 57,266             | 52,117             |
| Promotion, prevention and protection services       | 13,388              | 13,687             | 12,195             |
| Administration                                      | 12,950              | 11,903             | 12,074             |
| Information technology                              | 6,536               | 6,783              | 6,563              |
| Support services                                    | 63,151              | 69,409             | 61,444             |
| Amortization of facilities and improvements         | 5,932               | 6,480              | 5,426              |
| <b>TOTAL EXPENSES</b>                               | <b>300,311</b>      | <b>312,070</b>     | <b>284,064</b>     |
| <b>Excess (deficiency) of revenue over expenses</b> | <b>\$ 342</b>       | <b>\$ (17,732)</b> | <b>\$ 49</b>       |

The accompanying notes and schedules are part of these financial statements.

**ASPEN REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the Year Ended March 31, 2009**  
(in thousands)

|  | 2009  |   |                              |  | 2008      |
|--|---|---|------------------------------|--|-----------|
|  | Accumulated surplus/ (deficit)<br>(Note 10) | Internally Restricted Accumulated surplus/ (deficit)<br>(Note 10) | Investment in capital assets | Cumulative net unrealized gains/(losses) on investments<br>Total | Total     |
| Balance at beginning of year   | \$ 3,377                                    | 8,485   | \$ 14,896                    | \$ 2,197   | \$ 28,955 |
| Excess (deficiency) of revenue over expenses   | (17,732)                                    | -   | -                            | -  | (17,732)  |
| Capital assets purchased with internal funds   | (2,931)                                     | -   | 2,931                        | -  | -         |
| Amortization on internally funded capital assets                                     | 2,342                                       | -   | (2,342)                      | -  | -         |
| Changes to internally restricted funds   | 8,485                                       | (8,485)   | -                            | -  | -         |
| Cumulative net unrealized gains/(losses) on investments                              | -   | -   | -                            | (3,344)  | (3,344)   |
| Net unrealized losses on available for sale financial assets arising during the year | -   | -   | -                            | (3,344)  | (271)     |
| Reclassification adjustments for gains included in excess of revenue over expenses   | -   | -   | -                            | 1,147  | 1,147     |
| Balance at end of year   | \$ (6,459)                                  | \$ -  | \$ 15,485                    | \$ -   | \$ 9,026  |

**ASPEN REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2009**  
(in thousands)

|  | 2009             |                  | 2008             |                  |
|--|------------------|------------------|------------------|------------------|
|  | Budget           | Actual           | Actual           | Revised (Note 2) |
| Cash generated from (used by):                             |                  |                  |                  |                  |
| Operating activities:                                      |                  |                  |                  |                  |
| Excess (deficiency) of revenue over expense                | \$ 342           | \$ (17,732)      | \$ 49            |                  |
| Non-cash transactions:                                     |                  |                  |                  |                  |
| Amortization (Schedule 1)                                  | 11,677           | 12,880           | 11,229           |                  |
| Amortized external capital contributions                   | (9,630)          | (10,584)         | (9,170)          |                  |
| Amortization of advances under long term care partnerships | 82               | 82               | 82               |                  |
| Amortized long term care partnership contributions         | (82)             | (82)             | (82)             |                  |
| Gain on disposal of capital equipment:                     |                  |                  |                  |                  |
| - internally funded  | -                | (2)              | (23)             |                  |
| Gain on disposal of investments                            | -                | (212)            | (438)            |                  |
| Amortization on investments                                | -                | 18               | 18               |                  |
| Loss on investments valuations                             | -                | 1,129            | -                |                  |
| Transferred to deferred contributions                      | -                | 2,503            | 1,800            |                  |
| Changes in non-cash working capital account                | -                | 17,205           | 57               |                  |
| Cash generated from operations                             | <u>2,389</u>     | <u>5,205</u>     | <u>3,522</u>     |                  |
| Investing activities:                                      |                  |                  |                  |                  |
| Purchase of investments                                    | (30,000)         | (34,935)         | (33,229)         |                  |
| Purchase of capital assets:                                |                  |                  |                  |                  |
| - internally funded equipment                              | (4,300)          | (2,172)          | (2,676)          |                  |
| - internally funded facilities & improvements              | (2,825)          | (759)            | (1,154)          |                  |
| - externally funded equipment                              | (2,500)          | (1,911)          | (3,368)          |                  |
| - externally funded facilities & improvements              | (9,256)          | (5,695)          | (14,398)         |                  |
| Proceeds on sale of investments                            | 50,000           | 37,709           | 51,962           |                  |
| Proceeds on sale of capital assets                         | -                | 48               | 29               |                  |
| Allocations from (to) non-current cash                     | 9,255            | 6,123            | (6,787)          |                  |
| Cash used by investing activities                          | <u>(9,626)</u>   | <u>(1,992)</u>   | <u>(29,621)</u>  |                  |
| Financing activities:                                      |                  |                  |                  |                  |
| Capital contributions received                             | 7,500            | 165              | 16,470           |                  |
| Cash generated from financing activities                   | <u>7,500</u>     | <u>165</u>       | <u>16,470</u>    |                  |
| Increase (decrease) in cash and cash equivalents           | 263              | 3,778            | (9,629)          |                  |
| Cash, cash equivalents and investments, beginning of year  | <u>44,303</u>    | <u>44,114</u>    | <u>53,743</u>    |                  |
| Cash, cash equivalents and investments, end of year        | <u>\$ 44,566</u> | <u>\$ 47,892</u> | <u>\$ 44,114</u> |                  |

The accompanying notes and schedules are part of these financial statements.

**ASPEN REGIONAL HEALTH AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2009**  
(in thousands)

**Note 1 Authority, Purpose and Operations**

The Aspen Regional Health Authority (the "Region") was established June 24, 1994 under the *Alberta Regional Health Authorities Act*. The Region is a registered charity under the *Income Tax Act* and exempt from payment of income taxes. Effective April 1, 2009 the Region will be disestablished and all the assets and liabilities will be transferred to Alberta Health Services (Note 19).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Region's operations include the following facilities and sites:

|   |  |
|---|--|
| Athabasca Healthcare Centre                     | Slave Lake Healthcare Centre                       |
| Barrhead Healthcare Centre                      | Smoky Lake Continuing Care Centre                  |
| Boyle Healthcare Centre                         | St. Thomas - St. Paul Healthcare Centre            |
| Cold Lake Healthcare Centre                     | Swan Hills Healthcare Centre                       |
| Dr. W.R. Keir - Barrhead Continuing Care Centre | Wabasca/Desmarais Healthcare Centre                |
| Edson Healthcare Centre                         | Westlock Healthcare Centre                         |
| Elk Point Healthcare Centre                     | Westlock Continuing Care Centre                    |
| George McDougall - Smoky Lake Healthcare Centre | Whitescourt Healthcare Centre                      |
| Hinton Healthcare Centre                        | William J. Cadzow - Lac La Biche Healthcare Centre |
| Mayerthorpe Healthcare Centre                   | Aspen Community Services Sites                     |
| Railway Continuing Care Centre                  | Aspen Mental Health Sites                          |
| Seton - Jasper Healthcare Centre                | Aspen Corporate and Administrative Offices         |

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 17(c).

**Note 2 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.

These financial statements were prepared on a consolidated basis and include the following:



**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(a) Basis of Presentation (continued)**

The Region uses the proportionate consolidated method to account for its 50% interest in each of the two Primary Care Networks: St. Paul/Aspen Primary Care Network and Bonnyville/Aspen Primary Care Network.

The Region participates in the Regional Shared Health Information Program (RSHIP), a special purpose, limited liability, not-for-profit company incorporated under the laws of Alberta as disclosed in Note 17(b). The Region accounts for its 13.33% interest in RSHIP on a proportionate consolidation basis.

These financial statements use the deferral method of accounting for contributions, key elements of which are:

- (i) Unrestricted contributions are recognized as revenue in the year receivable.
- (ii) Restricted non-capital contributions are recognized as revenue in the year in which the related expenses are incurred.
- (iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.
- (iv) Restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.
- (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(b) Capital Disclosure**

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook.

The Region's objectives for managing capital are:

- in the short term to safeguard the Region's financial ability to continue to deliver health services and;
- in the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funds are from Alberta Health and Wellness which are paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of the operating funds and obtaining external funding from charitable donations and capital grants.

Where a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 10).

**(c) Full cost**

The Region accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges. An equivalent amount is recorded as contracted health service expense of the Region.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as these payments represent part of the cost of the Region's health program costs.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

- (iii) Fair value for use acute care facilities not owned by the Region is recorded as revenue from other government contributions or donations, and as program expense, since the Region's contract payments do not include amounts for use of these facilities.
- (iv) Fair value for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Other assets, supplies and services that a health region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because a fair value cannot be reasonably determined.

**(d) Employee Future Benefits**

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied where the Region has insufficient information to apply defined benefit plan accounting. Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans.

The Region does not record its portion of the plans' deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The Region's supplementary retirement plan is funded (Note 9(a)).

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(e) Investments**

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are expensed. The purchase and sale of investments are accounted for using the trade date accounting.

**(f) Financial Instruments**

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and Receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

The Region has classified its financial assets and financial liabilities as follows:

| Financial Assets and Liabilities         | Classification              |
|--|-----------------------------|
| Cash, cash equivalents, and Investments  | Available for sale          |
| Accounts receivable                      | Loans and receivables       |
| Contributions Receivable                 | Loans and receivables       |
| Accounts payable and accrued liabilities | Other financial liabilities |
| Accrued vacation pay                     | Other financial liabilities |

The Region does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

The carrying value of current cash, accounts receivable, contribution receivable from Alberta Health & Wellness and accounts payable approximates their fair value because of the short term nature of these items. Unless otherwise noted, it is management's opinion that the Region is not exposed to significant, interest, currency or credit risks arising from its financial instruments.

**(g) Inventories**

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (defined as moving average cost) and net realizable value.

**(h) Capital Assets**

Capital assets and construction in progress are recorded at cost. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

|                    | <u>Useful Life</u> |
|--------------------|--------------------|
| Land improvements  | 8-20 years         |
| Buildings          | 15-45 years        |
| Building equipment | 10-20 years        |
| Equipment          | 3-20 years         |

Capital assets with unit costs less than five thousand dollars are expensed. Construction in progress is not amortized until the project is complete.

**(i) Measurement Uncertainty**

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related capital assets. The Supplementary Retirement Plan obligation is based on actuarial calculations. Actual results could differ from these estimates.

**Note 3 Prior Period Adjustment**

During the year, Aspen Regional Health Authority made the following adjustments to the 2007-08 results:

Accounting for Primary Care Networks (PCN's) has been adjusted on a retrospective basis to proportionately consolidate all PCN's that the Region jointly controls (Note 17(d)).

Amounts held in trust for Patient/Resident funds have been removed from the financial statement presentation.

The following table summarizes the changes to the 2008 comparative figures that have been incorporated in these financial statements and notes to the financial statements:

|   | As previously stated | Proportionate Consolidation of PCN's | Resident Trust | As restated |
|---|----------------------|--------------------------------------|----------------|-------------|
| <b>Statement of Financial Position</b>    |                      |                                      |                |             |
| Cash and investments                      | \$ 43,527            | \$ 776                               | \$ (189)       | \$ 44,114   |
| Accounts receivable                       | 5,674                | 7                                    |                | 5,681       |
| Prepaid expenses                          | 3,768                | 3                                    |                | 3,771       |
| Accounts payable and accrued liabilities  | 26,069               | 40                                   | (189)          | 25,920      |
| Deferred contributions                    | 19,259               | 746                                  |                | 20,005      |
| <b>Statement of Operations</b>            |                      |                                      |                |             |
| Alberta Health and Wellness contributions | 238,207              | 349                                  |                | 238,576     |
| Investment and other income               | 9,609                | 27                                   |                | 9,636       |
| Community-based care                      | 17,086               | 396                                  |                | 17,482      |

**Note 4 Cash, Cash Equivalents and Investments**

|   | 2009                    |                  | 2008                    |                  |
|---|-------------------------|------------------|-------------------------|------------------|
|   | Fair<br>Market<br>Value | Cost             | Fair<br>Market<br>Value | Cost             |
|   | Restated (Note 3)       |                  |                         |                  |
| Cash  | \$ 51,426               | \$ 51,426        | \$ 52,255               | \$ 52,255        |
| Treasury bills                                      | 295                     | 295              | 1,053                   | 1,053            |
| Money market securities                             | 948                     | 948              | 62                      | 62               |
| Bonds   | 9,499                   | 9,919            | 13,162                  | 13,024           |
| Equities  | 4,414                   | 5,160            | 8,301                   | 6,260            |
| <b>Total</b>  | <b>\$ 66,582</b>        | <b>\$ 67,748</b> | <b>\$ 74,833</b>        | <b>\$ 72,654</b> |
| Classified as:                                      |                         |                  |                         |                  |
| Current   | 47,892                  |                  | 44,114                  |                  |
| Non current   | 18,690                  |                  | 30,719                  |                  |
| <b>Total cash, cash equivalents and investments</b> | <b>\$ 66,582</b>        |                  | <b>\$ 74,833</b>        |                  |

- (a) At March 31, 2009 management determined that an impairment of investments classified as available for sale was other than temporary and therefore a cumulative loss has been recognized in the Statement of Operations (Note 16).
- (b) Treasury bills mature June 25, 2009 and bear interest at an average of 0.41%.
- (c) Money market securities bear interest at 1.78% paid annually.
- (d) To optimize returns at an acceptable risk level, management has established a policy asset mix such that no more than 40% of the portfolio will be in equities and of the total equity no more than 5% of the total will be in US equity securities. Risk is reduced through diversification within and among asset classes, and quality constraints on fixed-income and equity instruments.
- (e) Fixed-income securities, such as government bonds, provincial bonds and corporate bonds have an average effective yield of 5.158% per annum based on the market for securities maturing in one to five years, and 5.387% per annum for securities maturing between six and twenty-nine years. As at March 31, 2009 and 2008, the securities have the following maturity structure:

|               | 2009 %'s | 2008 %'s |
|---------------|----------|----------|
| 1 to 5 years  | 35%      | 29%      |
| 5 to 10 years | 35%      | 57%      |
| Over 10 years | 30%      | 14%      |

- (f) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector distribution.

**Non-current cash, cash equivalents and investments represent the following:**

|  | 2009             | 2008             |
|--|------------------|------------------|
| Externally restricted for capital acquisitions | \$ 18,690        | \$ 9,256         |
| Internally restricted for capital acquisitions |                  | 8,485            |
| Unrestricted non-current investments           | -                | 12,978           |
| <b>Total</b>                                   | <b>\$ 18,690</b> | <b>\$ 30,719</b> |

**Note 5 Capital Assets**

| Capital Asset            | Cost                          |   |                  |                    |                   | Closing Balance March 31, 2009 |
|--------------------------|-------------------------------|---|------------------|--------------------|-------------------|--------------------------------|
|                          | Opening Balance April 1, 2008 | Transfers from Construction in Progress | Additions        | Transfer of Assets | Disposals         |                                |
| Land                     | \$ 2,787                      | -                                       | -                | -                  | -                 | \$ 2,787                       |
| Land improvements        | 5,710                         | 709                                     | -                | -                  | -                 | 6,419                          |
| Buildings                | 244,224                       | 14,119                                  | -                | -                  | -                 | 258,343                        |
| Building equipment       | 12,007                        | -                                       | 45               | -                  | -                 | 12,052                         |
| Equipment                | 81,629                        | 5,916                                   | 4,083            | -                  | (3,260)           | 88,368                         |
| Construction in progress | 20,881                        | (20,744)                                | 6,409            | -                  | -                 | 6,546                          |
| <b>Total</b>             | <b>\$ 367,238</b>             | <b>\$ -</b>                             | <b>\$ 10,537</b> | <b>\$ -</b>        | <b>\$ (3,260)</b> | <b>\$ 374,515</b>              |

| Capital Asset            | Accumulated Amortization      |                           |                    |                           |                                | Net Book Value 2009 | Net Book Value 2008 |
|--------------------------|-------------------------------|---------------------------|--------------------|---------------------------|--------------------------------|---------------------|---------------------|
|                          | Opening Balance April 1, 2008 | Current Year Amortization | Transfer of Assets | Amortization on Disposals | Closing Balance March 31, 2009 |                     |                     |
| Land                     | \$ -                          | -                         | -                  | -                         | -                              | \$ 2,787            | \$ 2,787            |
| Land improvements        | 4,643                         | 199                       | -                  | -                         | 4,842                          | 1,577               | 1,067               |
| Buildings                | 118,387                       | 6,106                     | -                  | -                         | 124,493                        | 133,830             | 125,837             |
| Building equipment       | 10,540                        | 212                       | -                  | -                         | 10,752                         | 1,300               | 1,467               |
| Equipment                | 56,618                        | 6,363                     | -                  | (3,214)                   | 59,767                         | 28,601              | 25,011              |
| Construction in progress | -                             | -                         | -                  | -                         | -                              | 6,546               | 20,881              |
| <b>Total</b>             | <b>\$ 190,188</b>             | <b>\$ 12,880</b>          | <b>\$ -</b>        | <b>\$ (3,214)</b>         | <b>\$ 199,854</b>              | <b>\$ 174,661</b>   | <b>\$ 177,050</b>   |

**Capital assets were funded from the following sources:**

|                   | 2009              | 2008              |
|-------------------|-------------------|-------------------|
| Externally funded | \$ 159,176        | \$ 162,154        |
| Internally funded | 15,485            | 14,896            |
| <b>Total</b>      | <b>\$ 174,661</b> | <b>\$ 177,050</b> |

**Note 6 Other Assets**

|  | 2009            | 2008            |
|--|-----------------|-----------------|
| Advances under long-term care partnership agreements | \$ 2,299        | \$ 2,381        |
| Amortized during the year                            | (82)            | (82)            |
| Balance, end of year                                 | <u>\$ 2,217</u> | <u>\$ 2,299</u> |

Funds received from Alberta Infrastructure for the purpose of providing facility based continuing care to the Region's residents are recorded as non-current deferred contributions. Advances made to private health service contract operators for the construction of continuing care facilities in the region are recorded as a non-current advance.

The Region uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds as per Alberta Health and Wellness guidelines for accounting for long-term care partnerships. The provincial government supports partnerships between the Region and private organizations by providing a one-time, up-front capital grant to the Region. The Region in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. Under the terms of this agreement, the Region provides the private operator with an amortizable advance secured on the construction costs of the facility. This advance is to be amortized over 33 years, which is equivalent to the term of the partnership agreement. The Region does not accrue interest on the loan as the Region will forgive the balance of the loan following the expiry of the term of the agreement.

**Note 7 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

|  | 2009             | 2008             |
|--|------------------|------------------|
| <b>Current</b>                                       |                  |                  |
| AHW - Continuing Care                                | \$ 289           | \$ 801           |
| AHW - Mental Health Innovation                       | 531              | 1,342            |
| AHW - Specialist On Call                             | 658              | 1,629            |
| AHW - Immunization                                   | 203              | 504              |
| AHW - Security of Systems                            | 177              | 336              |
| AHW - Telehealth                                     | 447              | 272              |
| AHW - Health Promotion                               | 360              | 529              |
| AHW - Aboriginal Health Strategies                   | -                | 179              |
| AHW - Other  | -                | 7                |
| AHW - Pandemic                                       | 1,342            | 1,631            |
| AHW - Infrastructure Maintenance                     | 10,801           | 8,214            |
| Devotions  | 1,262            | 1,122            |
| Upgrade HCA Skills                                   | 157              | -                |
| Stroke Strategy                                      | 791              | 764              |
| Mental Health Children's Wait Times                  | 161              | 394              |
| Alberta Cardiac Access Collaborative                 | 209              | 200              |
| Healthcare Aide Upgrade & Training                   | 109              | 294              |
| Wait Time Project - Hip & Knee Replacement           | 1,355            | 447              |
| Wait Time Project - Back & Spine                     | 120              | 119              |
| Bone & Joint Project                                 | 100              | -                |
| Capacity Building - Colorectal Cancer Screening      | -                | 300              |
| Primary Care Network                                 | 1,041            | 746              |
| Other  | 616              | 175              |
|  | <u>20,729</u>    | <u>20,005</u>    |
| <b>Non-current</b>                                   |                  |                  |
| Alberta Infrastructure - Long term care partnerships | 2,217            | 2,299            |
| <b>Total</b>   | <u>\$ 22,946</u> | <u>\$ 22,304</u> |

**Note 8 Deferred Capital Contributions**

The balance at the end of the year is restricted for the following purposes:

|                              | 2009             | 2008             |
|------------------------------|------------------|------------------|
| Settlement of capital assets | \$ 129           | \$ 4,740         |
| New Construction             | 24,195           | 24,522           |
|                              | <u>\$ 24,324</u> | <u>\$ 29,262</u> |



**Note 9 Long-Term Employee Benefits**

**(a) Supplementary Retirement Plan**

|                                       |              |              |
|---------------------------------------|--------------|--------------|
| Accrued obligation, beginning of year | \$ 43        | \$ -         |
| Current service cost                  | 43           | 41           |
| Interest cost                         | 4            | 2            |
| Actuarial gain                        | (11)         | -            |
| Accrued obligation, end of year       | <u>\$ 79</u> | <u>\$ 43</u> |

**Reconciliation of funded status of accrued benefit asset / liability**

|  |              |              |
|--|--------------|--------------|
| Funded status of plan  | \$ 9         | \$ -         |
| Unamortized actuarial (gain)   | (9)          | -            |
| Accrued benefit asset (liability)                                      | <u>\$ -</u>  | <u>\$ -</u>  |
| Current service cost   | \$ 43        | \$ 41        |
| Interest cost  | 4            | 2            |
| Actuarial gain in year   | (11)         | -            |
| Difference between expected and actual return on assets                | (2)          | -            |
| Difference between recognized and actual actuarial loss (gain) in year | 11           | -            |
| Benefit cost   | <u>\$ 45</u> | <u>\$ 43</u> |

Supplementary Retirement Plan is fully funded.

**Significant actuarial assumptions are as follows:**

|  |      |      |
|--|------|------|
| Discount rate  | 6.2% | 5.2% |
| Expected average remaining service life of employees | 12   | 13   |
| Salary increase                                      | 4%   | 4%   |
| Expected return on plan assets                       | 3.1% | 2.6% |

The above information is based on the actuarial valuation performed at March 31, 2009.

**Plan Assets (held by trustee)**

Employee contributions - fair value of assets at March 31

-

**Plan Assets (held by Canada Revenue Agency)**

Employer contributions paid by refundable taxes

\$ 45 \$ 43

Total plan assets

\$ 45 \$ 43

Funded status of plan

\$ 45 \$ 43

**(b) Pension Expense**

The Region participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Region's annual contributions payable of \$9,461 for the year ended March 31, 2009 (2008 - \$8,213).

At December 31, 2008, the Local Authorities Pension Plan reported an actuarial deficit of \$ 4,413,971 (2007 - \$1,183,334).

**Note 10 Accumulated (Deficit)/Surplus**

The Region's accumulated (deficit)/surplus comprises the following:

|                                      | 2009              | 2008             |
|--------------------------------------|-------------------|------------------|
| Unrestricted net assets (deficiency) | \$ (6,459)        | \$ 3,377         |
| Internally restricted net assets     |                   |                  |
| Future equipment replacement         | -                 | 8,485            |
|                                      | <u>\$ (6,459)</u> | <u>\$ 11,862</u> |

The Alberta Health Services Board has unrestricted all funds that were previously internally restricted.

The Region has reported an accumulated deficit at March 31. Per Alberta Regulation 15/95 of the RHA Act, Alberta Health Services will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.



**Note 11 Commitments and Contingencies****(a) Commitments**

The Region is committed to operating lease payments and software licensing in future years as follows:

|      |                 |
|------|-----------------|
| 2010 | \$ 224          |
| 2011 | 653             |
| 2012 | 123             |
| 2013 | 85              |
| 2014 | 34              |
|      | <u>\$ 1,119</u> |

The leases expire at various dates from 2010 to 2014.

The Region contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region (Note 17(e)). The Region has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.

**(b) Legal**

The Region has been named as a defendant in various legal actions. The outcome of these actions cannot be estimated at this time. However, management believes the amount of damages, if any, resulting from these claims would not materially affect the financial position of the Region. In accordance with standard provincial requirements, the Region maintains adequate liability insurance coverage. Any costs in excess of the Region's liability insurance on settlement would be recorded as an expense of the period of settlement.

**Note 12 Budget**

The budget was prepared by management and submitted to the Minister of Health and Wellness on June 3, 2008.

**Note 13 Alberta Health and Wellness Contributions**

|                                       | 2009              | 2008              |
|---------------------------------------|-------------------|-------------------|
|                                       |                   | Restated (note 3) |
| Unrestricted contributions            | \$ 229,542        | \$ 225,247        |
| Transfers from deferred contributions | 17,119            | 13,329            |
|                                       | <u>\$ 246,661</u> | <u>\$ 238,576</u> |

**Note 14 Other Government Contributions****Alberta Government**

|   | 2009          | 2008            |
|---|---------------|-----------------|
| Fair value of rent less rent charges for non-acute care facilities used by the Region | \$ 814        | \$ 1,105        |
| Transfers from deferred contribution  | 82            | 82              |
| Transition grant from East Central Health (Note 18)                                   | 53            | -               |
| Other Alberta Government  | <u>26</u>     | <u>12</u>       |
|   | <u>\$ 977</u> | <u>\$ 1,199</u> |

**Note 15 Ancillary Operations**

|                            | 2009            |                 |                      |                                | 2008            |                 |                      |                                |
|----------------------------|-----------------|-----------------|----------------------|--------------------------------|-----------------|-----------------|----------------------|--------------------------------|
|                            | Revenue         | Direct Expenses | Amortization Expense | Excess of Revenue over Expense | Revenue         | Direct Expenses | Amortization Expense | Excess of Revenue over Expense |
| Non-patient food services  | \$ 1,037        | \$ 949          | \$ 26                | \$ 62                          | \$ 1,013        | \$ 949          | \$ 26                | \$ 38                          |
| Rental operations          | 420             | 336             | 10                   | 74                             | 386             | 336             | 10                   | 34                             |
| Sale of goods and services | 218             | 212             | -                    | 6                              | 223             | 212             | -                    | 11                             |
| <b>Total</b>               | <b>\$ 1,675</b> | <b>\$ 1,497</b> | <b>\$ 36</b>         | <b>\$ 142</b>                  | <b>\$ 1,622</b> | <b>\$ 1,497</b> | <b>\$ 36</b>         | <b>\$ 129</b>                  |

Ancillary expenses are reported in support services in the Statement of Operations.

**Note 16 Investment and other income**

|   | 2009            | 2008            |
|---|-----------------|-----------------|
| Investment Income                                       | \$ 1,710        | \$ 2,566        |
| Other than temporary impairment of investments (Note 4) | (1,147)         | (18)            |
| Other Income  | 7,760           | 7,088           |
| <b>Total</b>  | <b>\$ 8,323</b> | <b>\$ 9,636</b> |

Investment income comprises interest, dividends and net gains (losses) realized on disposal of investments.

Other income comprises recoveries from sources external to the Region for salary and supplies, WCB compensation, food licensing permits, vaccines, laundry services and other miscellaneous revenues.

**Note 17 Related Parties**

**(a) Province of Alberta and Health Regions**

The Minister of Health and Wellness appoints members of the Alberta Health Service Board. The Board is economically dependent on the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

The Region had the following transactions with other Health Regions recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

| Authority  | 2009     |          |            |         | 2008     |          |            |          |
|--|----------|----------|------------|---------|----------|----------|------------|----------|
|  | Revenue  | Expense  | Receivable | Payable | Revenue  | Expense  | Receivable | Payable  |
| Other regional health authorities and provincial health boards | \$ 2,394 | \$ 3,219 | \$ 513     | \$ 236  | \$ 1,798 | \$ 3,173 | \$ 472     | \$ 2,396 |

Note 17 Related Parties (continued)

(b) Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative. The other partners to the agreement are: Chinook Regional Health Authority, Palliser Health Region, David Thompson Health Region, East Central Health Region, Peace Country Health Region, and Northern Lights Health Region.

|                               |                 |                 |
|-------------------------------|-----------------|-----------------|
| AHW Funding                   | \$ 1,216        | \$ 4,906        |
| Health Authority contribution | 749             | 2,233           |
| <b>Total</b>                  | <b>\$ 1,965</b> | <b>\$ 7,139</b> |
| <b>Reported as follows:</b>   |                 |                 |
| Expenses                      | \$ 573          | \$ 712          |
| Capital assets                | 1,392           | 6,427           |
| <b>Total</b>                  | <b>\$ 1,965</b> | <b>\$ 7,139</b> |

The Region accounts for its interest in RSHIP on a proportionate consolidation basis.

(c) Foundations

The Region has economic interest in the following foundations with one representative on each of their Board of Directors. The foundations raise funds to benefit the Region and other health related entities and are registered charities under the Income Tax Act. Information on the foundations is as follows:

|  | 2009          |               |               | 2008          |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
|  | Assets        | Liabilities   | Net Assets    | Assets        | Liabilities   | Net Assets    |
| St Paul & District Hospital Foundation | \$ 173        | \$ 23         | \$ 150        | \$ 158        | \$ 23         | \$ 135        |
| Hinton Health Care Foundation          | 265           | -             | 265           | 243           | -             | 243           |
| Jasper Health Care Foundation          | 88            | 100           | (12)          | 135           | 167           | (12)          |
| <b>Total</b>                           | <b>\$ 526</b> | <b>\$ 123</b> | <b>\$ 403</b> | <b>\$ 536</b> | <b>\$ 190</b> | <b>\$ 346</b> |

Note 17 Related Parties (continued)

|  | Contributions received<br>by Health Region<br>Year ended March 31, |              | Resources held by<br>Foundation<br>at March 31, 2009 |               |
|--|--|--------------|--|---------------|
|  | 2009   | 2008         | Externally<br>Restricted                             | Unrestricted  |
| St Paul & District Hospital Foundation | \$ 8   | \$ 77        | \$ -   | \$ 150        |
| Hinton Health Care Foundation          | -  | -            | 77   | 188           |
| Jasper Health Care Foundation          | 26   | -            | 88   | -             |
| <b>Total</b>                           | <b>\$ 34</b>   | <b>\$ 77</b> | <b>\$ 165</b>  | <b>\$ 338</b> |

Contributions include externally restricted amounts for equipment, programs, research, and education for specific communities supported by the Foundations.

(d) Primary Care Networks

The Region's share of the following Primary Care Networks are included in the financial statements under the proportionate consolidation method.

|                               | Health region's 50% share |        |
|-------------------------------|---------------------------|--------|
|                               | 2009                      | 2008   |
| Opening Balance               | \$ 746                    | \$ 682 |
| Contributions from AHW        | 1,157                     | 433    |
| Amounts recognized as revenue | (862)                     | (369)  |
| Amounts deferred              | \$ 1,041                  | \$ 746 |

(e) Contracts with Health Service Providers

The Region has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

|                       | 2009   |  |                  | 2008   |  |                  |
|-----------------------|--|--|------------------|--|--|------------------|
|                       | Affiliated<br>Health<br>Service<br>Providers | Non-Affiliated<br>Health<br>Service<br>Providers | Total            | Affiliated<br>Health<br>Service<br>Providers | Non-Affiliated<br>Health<br>Service<br>Providers | Total            |
| Direct Region funding | \$ 30,476                                    | \$ 2,501   | \$ 32,977        | \$ 27,488                                    | \$ 2,138   | \$ 29,626        |
| Direct AHW funding    | -  | -  | -                | -  | -  | -                |
| Fees and charges      | 5,638  | -  | 5,638            | 5,066  | -  | 5,066            |
| Paid cost adjustments | 82   | -  | 82               | 82   | -  | 82               |
| <b>Total</b>          | <b>\$ 36,196</b>                             | <b>\$ 2,501</b>                                  | <b>\$ 38,697</b> | <b>\$ 32,636</b>                             | <b>\$ 2,138</b>                                  | <b>\$ 34,774</b> |

# **Note 18 Transition Costs**

As at March 31, 2009, the Region recorded incremental transition costs and restructuring charges in the Statement of Operations. In the Statement of Operations these charges are included in Administration, Support Services and Information Technology.

|                                | Severance Related | Other | Total |
|--------------------------------|-------------------|-------|-------|
| Liability at March 31, 2008    | \$ -              | \$ -  | \$ -  |
| Expenses                       | -                 | 55    | 55    |
| Payments made during the year  | -                 | (55)  | (55)  |
| Liability as at March 31, 2009 | \$ -              | \$ -  | \$ -  |

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of Alberta Health Service transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described above.

# **Note 19 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health service delivery in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board and Alberta Alcohol and Drug Abuse Commissions (AADAC). Effective April 1, 2009, all of these entities including the region but excluding East Central Health will be disestablished and all the assets, liabilities, rights and obligations of these entities, including the Region, will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

# **Note 20 Comparative Figures**

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

# **Note 21 Approval of Financial Statements**

These financial statements have been approved by the Alberta Health Services Board.

# **Schedule 1**

## **ASPEN REGIONAL HEALTH AUTHORITY SCHEDULE OF EXPENSES BY OBJECT FOR THE YEAR ENDED MARCH 31, 2009** (in thousands)

|   | Budget            | 2009              | 2008              |
|---|-------------------|-------------------|-------------------|
|   |                   |                   | Revised (Note 7)  |
| Salaries and Benefits (Schedule 2)                    | 179,760           | 181,729           | 164,654           |
| Contracts with health service operators (Note 17 (e)) | 37,118            | 38,697            | 34,774            |
| Drugs and gases                                       | 4,364             | 4,592             | 4,577             |
| Medical and surgical supplies                         | 5,732             | 6,498             | 5,703             |
| Other contracted services                             | 19,069            | 20,989            | 19,568            |
| Other *   | 42,591            | 46,687            | 43,582            |
| Amortization:   |                   |                   |                   |
| Capital equipment - internally funded                 | 1,948             | 2,230             | 1,960             |
| Capital equipment - externally funded                 | 3,797             | 4,133             | 3,789             |
| Facilities and improvements - internally funded       | 99                | 98                | 99                |
| Facilities and improvements - externally funded       | 5,833             | 6,419             | 5,381             |
| Net gain on disposal                                  | -                 | (2)               | (23)              |
|   | <u>\$ 300,311</u> | <u>\$ 312,070</u> | <u>\$ 284,064</u> |
| * Other   |                   |                   |                   |
| Utilities   | \$ 6,285          | \$ 6,449          | \$ 6,276          |
| Patient travel  | 5,947             | 6,431             | 5,758             |
| Food  | 3,022             | 3,155             | 2,925             |
| Minor equipment                                       | 1,596             | 1,677             | 3,518             |
| Equipment maintenance - external                      | 2,221             | 2,545             | 2,344             |
| Lab supplies  | 2,463             | 2,640             | 2,419             |
| Other fees  | 1,542             | 1,560             | 1,377             |
| Renovations   | 3,195             | 5,451             | 1,716             |
| Staff travel  | 1,708             | 1,911             | 1,835             |
| Rental/lease of equipment                             | 1,799             | 1,906             | 1,755             |
| Building/ground maintenance - external                | 1,226             | 1,964             | 2,144             |
| Rental/lease of land/building                         | 1,456             | 1,147             | 1,414             |
| Miscellaneous   | 10,131            | 9,851             | 10,101            |
|   | <u>\$ 42,591</u>  | <u>\$ 46,687</u>  | <u>\$ 43,582</u>  |

**ASPEN REGIONAL HEALTH AUTHORITY  
SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2009**  
(in thousands)

Schedule 1

|                                     | 2009               |                 |                |              |                    |               |               | 2008               |           |
|-------------------------------------|--------------------|-----------------|----------------|--------------|--------------------|---------------|---------------|--------------------|-----------|
|                                     | Number of FTEs (1) | Base Salary (2) | Other Cash (3) | Benefits (4) | Other Non-Cash (5) | Sub-Total (6) | Reversion (7) | Number of FTEs (1) | Total (8) |
| <b>Board Chair</b> <sup>(a)</sup>   |                    |                 |                |              |                    |               |               |                    |           |
| Ken Hughes - AHS                    | 0.88               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| Robert Jackson                      | 0.12               | -               | 9              | -            | -                  | 9             | -             | 1.00               | 37        |
| <b>Board Members</b> <sup>(a)</sup> |                    |                 |                |              |                    |               |               |                    |           |
| Jack Aley - AHS                     | 0.88               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| Pierre Chouinard - AHS              | 0.21               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| Catherine Rossier - AHS             | 0.63               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| Linda Holm - AHS                    | 0.88               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| John Lefebvre - AHS                 | 0.88               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| Steve Lewis - AHS                   | 0.88               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| Dan Sidera - AHS                    | 0.88               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| Lori Anderson - AHS                 | 0.23               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| Clara Bragg - AHS                   | 0.23               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| Tari Lynn Hough - AHS               | 0.23               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| Jim Clifford - AHS                  | 0.23               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| Reiner Cornwell - AHS               | 0.23               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| Tony Franzosini - AHS               | 0.23               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| Andrea Lempke - AHS                 | 0.23               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| Clara Widen - AHS                   | 0.23               | -               | -              | -            | -                  | -             | -             | -                  | -         |
| Alison Buck                         | 0.12               | -               | 4              | -            | -                  | 4             | -             | 1.00               | 5         |
| Bob Burger                          | 0.12               | -               | 3              | -            | -                  | 3             | -             | 1.00               | 4         |
| Stacie Holm                         | 0.12               | -               | 3              | -            | -                  | 3             | -             | 1.00               | 4         |
| Steve Wiley                         | 0.12               | -               | 4              | -            | -                  | 4             | -             | 1.00               | 6         |
| Dale Johnson                        | 0.12               | -               | 3              | -            | -                  | 3             | -             | 1.00               | 5         |
| Julie Kim                           | 0.12               | -               | 4              | -            | -                  | 4             | -             | 1.00               | 6         |
| Shirley Malone                      | 0.12               | -               | -              | -            | -                  | -             | -             | 1.00               | 2         |
| Stacy McCallister                   | 0.12               | -               | 3              | -            | -                  | 3             | -             | 1.00               | 6         |
| Andrew Orr                          | 0.12               | -               | 3              | -            | -                  | 3             | -             | 1.00               | 10        |
| John Pijlsch                        | 0.12               | -               | 4              | -            | -                  | 4             | -             | 1.00               | 7         |
| Gary Pothol                         | 0.12               | -               | 3              | -            | -                  | 3             | -             | 1.00               | 6         |
| Gary Reader                         | 0.12               | -               | -              | -            | -                  | -             | -             | 1.00               | 3         |
| Myrl Thompson                       | 0.12               | -               | 3              | -            | -                  | 3             | -             | 1.00               | 6         |
| Marion Wolford                      | 0.12               | -               | 4              | -            | -                  | 4             | -             | 1.00               | 9         |
| Total Board                         | 10.56              | -               | 50             | -            | -                  | 50            | -             | 13.00              | 116       |

**ASPEN REGIONAL HEALTH AUTHORITY  
SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2009**  
(in thousands)

Schedule 2 (continued)

**Board**

**Board Chair**<sup>(a)</sup>  
President & Chief Executive Officer - AHS<sup>(a)</sup>  
Interim Chief Executive Officer - AHS<sup>(a)</sup>  
President & Chief Executive Officer<sup>(a)(14)</sup>

**CFO/Chief Financial Officer**<sup>(a)</sup>  
Management person(s) reporting to the President & CEO:

Vice President Health Services<sup>(a)</sup>  
Vice President Corporate Services<sup>(a)</sup>  
Vice President Medical/Legal/Quality  
Vice President Medical/Legal/Quality  
Vice President Community Health<sup>(a)</sup>  
Vice President Human Resources<sup>(a)</sup>  
Executive Director Communications

**Other Staff**

Other management person(s) reporting directly to those above<sup>(a)</sup>  
Other management<sup>(a)</sup>  
Registered nurses not included above  
- RNs, Psych Nurses, Child nurses  
- LPNs  
Other health personnel and professionals  
Unemployed health service providers  
Other staff

**Grand Total**

|   | 2009               |                 |                |              |                    |               |               | 2008               |              |
|---|--------------------|-----------------|----------------|--------------|--------------------|---------------|---------------|--------------------|--------------|
|   | Number of FTEs (1) | Base Salary (2) | Other Cash (3) | Benefits (4) | Other Non-Cash (5) | Sub-Total (6) | Reversion (7) | Number of FTEs (1) | Total (8)    |
| <b>Board</b>  | 10.56              | -               | -              | -            | -                  | -             | -             | 13.00              | 116          |
| <b>Board Chair</b> <sup>(a)</sup>   | 0.02               | -               | -              | -            | -                  | -             | -             | -                  | -            |
| President & Chief Executive Officer - AHS <sup>(a)</sup>                            | 0.88               | -               | -              | -            | -                  | -             | -             | -                  | -            |
| Interim Chief Executive Officer - AHS <sup>(a)</sup>                                | 1.00               | 235             | -              | 25           | 390                | 390           | 390           | 1.00               | 305          |
| President & Chief Executive Officer <sup>(a)(14)</sup>                              | 1.80               | 235             | -              | 25           | 390                | 390           | 390           | 1.00               | 305          |
| <b>CFO/Chief Financial Officer</b> <sup>(a)</sup>                                   |                    |                 |                |              |                    |               |               |                    |              |
| Management person(s) reporting to the President & CEO:                              |                    |                 |                |              |                    |               |               |                    |              |
| Vice President Health Services <sup>(a)</sup>                                       | 1.00               | 142             | -              | 28           | 190                | 190           | 190           | 1.00               | 188          |
| Vice President Corporate Services <sup>(a)</sup>                                    | 1.00               | 176             | -              | 28           | 205                | 205           | 205           | 1.00               | 189          |
| Vice President Medical/Legal/Quality  | -                  | -               | -              | -            | -                  | -             | -             | 0.06               | 183          |
| Vice President Medical/Legal/Quality  | 1.00               | 162             | -              | 34           | 186                | 186           | 186           | 0.91               | 153          |
| Vice President Community Health <sup>(a)</sup>                                      | 1.00               | 146             | -              | 34           | 170                | 170           | 170           | 1.00               | 165          |
| Vice President Human Resources <sup>(a)</sup>                                       | 1.00               | 146             | -              | 34           | 170                | 170           | 170           | 1.00               | 163          |
| Executive Director Communications   | 1.00               | 112             | -              | 19           | 133                | 133           | 131           | 0.87               | 116          |
|   | 6.80               | 904.00          | -              | 148.00       | 1,052.00           | 1,052.00      | 1,052.00      | 5.84               | 1,154.00     |
| <b>Other Staff</b>  |                    |                 |                |              |                    |               |               |                    |              |
| Other management person(s) reporting directly to those above <sup>(a)</sup>         | 32.95              | 3,326           | 6              | 697          | 4,029              | 4,029         | 34            | 4,063              | 33,577       |
| Other management <sup>(a)</sup>   | 30.98              | 3,999           | 28             | 607          | 3,634              | 3,634         | 7             | 3,641              | 32,848       |
| Registered nurses not included above<br>- RNs, Psych Nurses, Child nurses<br>- LPNs | 528.62             | 40,748          | 8,102          | 8,108        | 56,958             | -             | -             | 56,958             | 543,600      |
| Other health personnel and professionals  | 211.63             | 10,579          | 1,705          | 2,077        | 14,361             | -             | -             | 14,361             | 204,800      |
| Unemployed health service providers   | 409.34             | 28,204          | 4,644          | 5,886        | 38,734             | -             | -             | 38,734             | 388,000      |
| Other staff   | 388.66             | 13,136          | 1,539          | 2,475        | 17,190             | -             | -             | 17,190             | 351,477      |
|   | 925.15             | 36,098          | 1,825          | 7,297        | 45,200             | -             | -             | 45,200             | 404,526      |
|   | 2,418.32           | 135,127         | 17,879         | 27,187       | 180,193            | 3,000         | 41            | 180,234            | 2,478,526    |
| <b>Grand Total</b>  | 2,526.77           | \$ 136,340      | \$ 18,029      | \$ 27,310    | \$ 181,689         | \$ 3,000      | \$ 41         | \$ 181,730         | \$ 2,600,544 |

Schedule 2 (continued)

**SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2009**

- 1) Full time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 4845 (2008 - 4,746). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- 2) Base salary includes pensionable base pay.
- 3) Other cash benefits include overtime, lump sum payments, shift differential, and honoraria.
- 4) Other non-cash benefits include:
  - a) Employer's current and prior service cost of supplementary retirement plans per Note (15) below.
  - b) Share of all employee benefits and contributions made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.
- 5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- 6) On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services (AHS) interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- 7) Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed at May 15, 2008.
- 8) The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- 9) Effective July 8, 2008 the President and Chief Executive Officer of the Region transitioned to the Chief Operating Officer Performance Improvement & Clinical Support Services - AHS. Costs incurred are reported in the accounts of the Region.

Schedule 2 (continued)

- 10) CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Any title changes subsequent to July 8, 2008 are noted below.
- 11) Effective November 20, 2008 the Vice President Corporate Services of the Region was appointed the Vice President, North Continuum Zone - AHS. Costs incurred are reported in the accounts of the Region.
- 12) Effective October 31, 2008 the Vice President Community Health of the Region was appointed the Senior Vice President, Community Care - AHS. Costs incurred are reported in the accounts of the Region.
- 13) Effective February 9, 2009 the Vice President Human Resources of the Region was appointed the North Zone Lead, Human Resource Services - AHS. Costs incurred are reported in the accounts of the Region.
- 14) The Chief Executive Officer and other senior management are provided with an automobile; no dollar amount is included under benefits and allowances.
- 15) Supplementary Retirement Plan (SRP)

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings.



**Schedule 2 (continued)**

|                                     | 2009            |                    |       | 2008  |
|-------------------------------------|-----------------|--------------------|-------|-------|
|                                     | Current         | Prior Service      | Total | Total |
|                                     | Service<br>Cost | and<br>Other Costs |       |       |
| President & Chief Executive Officer | 30              | 2                  | 32    | 30    |
| Vice President Corporate Services   | 7               | -                  | 7     | 7     |
| Vice President Health Services      | 6               | -                  | 6     | 6     |
|                                     | 43              | 2                  | 45    | 43    |

The accrued obligation for each executive under the SRP is outlined in the following table:

|                                     | Accrued<br>Obligation | Change in<br>Accrued<br>Obligation | Accrued<br>Obligation |
|-------------------------------------|-----------------------|------------------------------------|-----------------------|
|                                     | March 31, 2008        |                                    | March 31, 2009        |
| President & Chief Executive Officer | 30                    | 19                                 | 49                    |
| Vice President Corporate Services   | 7                     | 7                                  | 14                    |
| Vice President Health Services      | 6                     | 10                                 | 16                    |
|                                     | 43                    | 36                                 | 79                    |



## **Peace Country Health**

**Financial Statements**  
**March 31, 2009**

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PEACE COUNTRY HEALTH  
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING  
FINANCIAL STATEMENTS

March 31, 2009

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness and, of necessity, include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Region has established a code of ethics and corporate directives, which require communication of the code to employees.

The Region members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has full and free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures which allow him to report on the fairness of the financial statements prepared by management.

[Original signed]

Dr. Stephen Duckett  
President and Chief Executive Officer

[Original signed]

Chris Mazurkewich  
Chief Financial Officer

[Original signed]

Mark De Croos  
Executive Director, Finance

Auditor's Report

To the Members of the Alberta Health Services Board  
and the Minister of Health and Wellness

I have audited the statement of financial position of the Peace Country Health Region (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

**Peace Country Health**  
Statement of Financial Position  
March 31, 2009

(In thousands of dollars)

|   | 2009<br>Actual    | 2008<br>Actual<br>(restated - Note 3) |
|---|-------------------|---------------------------------------|
| <b>ASSETS</b>   |                   |                                       |
| Current:  |                   |                                       |
| Cash (Note 4)   | \$ 11,058         | \$ 19,361                             |
| Accounts receivable                                       | 6,706             | 5,781                                 |
| Contributions receivable from Alberta Health and Wellness | 734               | 2,518                                 |
| Inventories   | 1,719             | 1,507                                 |
| Prepaid expenses and deposits                             | 4,604             | 2,524                                 |
|   | 24,821            | 31,691                                |
| Non-current cash (Note 4)                                 | 19,302            | 11,541                                |
| Non-current receivables (Note 5)                          | 892               | 4,305                                 |
| Capital assets (Note 6)                                   | 210,868           | 214,275                               |
| <b>TOTAL ASSETS</b>                                       | <b>\$ 255,883</b> | <b>\$ 261,812</b>                     |
| <b>LIABILITIES AND NET ASSETS (LIABILITIES)</b>           |                   |                                       |
| Current:  |                   |                                       |
| Accounts payable and accrued liabilities                  | \$ 24,342         | \$ 23,886                             |
| Accrued vacation pay                                      | 13,402            | 12,163                                |
| Deferred contributions (Note 7)                           | 8,537             | 8,877                                 |
| Current portion of long-term debt (Note 9)                | 346               | 348                                   |
|   | 46,627            | 45,274                                |
| Deferred capital contributions (Note 8)                   | 20,174            | 15,806                                |
| Long-term debt (Note 9)                                   | 4,740             | 5,103                                 |
| Unamortized external capital contributions                | 191,231           | 195,534                               |
| Other liabilities (Note 6(a))                             | 692               | -                                     |
|   | 263,464           | 261,717                               |
| Net Assets (liabilities)                                  |                   |                                       |
| Accumulated deficit (Note 11)                             | (21,440)          | (13,195)                              |
| Investment in capital assets                              | 13,859            | 13,290                                |
| Operating net (liabilities) assets                        | (7,581)           | 95                                    |
| Contingencies and commitments (Note 12)                   |                   |                                       |
| <b>TOTAL LIABILITIES AND NET ASSETS (LIABILITIES)</b>     | <b>\$ 255,883</b> | <b>\$ 261,812</b>                     |

The accompanying notes and schedules are part of these financial statements.

**Peace Country Health**  
Statement of Operations  
March 31, 2009

(In thousands of dollars)

|   | 2009<br>Budget<br>(Note 13) | 2009<br>Actual | 2008<br>Actual<br>(restated - Note 3) |
|---|-----------------------------|----------------|---------------------------------------|
| <b>Revenues</b>                                     |                             |                |                                       |
| Alberta Health and Wellness contributions (Note 14) | \$ 257,900                  | \$ 259,148     | \$ 250,203                            |
| Other government contributions (Note 15)            | 810                         | 2,478          | 925                                   |
| Fees and charges                                    | 20,090                      | 21,257         | 18,600                                |
| Ancillary operations (Note 16)                      | 850                         | 770            | 736                                   |
| Donations   | 530                         | 603            | 444                                   |
| Investment and other income (Note 17)               | 7,000                       | 8,862          | 9,053                                 |
| Amortized external capital contributions            | 12,500                      | 16,585         | 12,985                                |
| <b>TOTAL REVENUES</b>                               | <b>299,760</b>              | <b>309,703</b> | <b>292,946</b>                        |
| <b>Expenses (Schedule 1)</b>                        |                             |                |                                       |
| Inpatient acute nursing services                    | 61,820                      | 60,793         | 59,393                                |
| Emergency and outpatient services                   | 26,870                      | 26,893         | 23,703                                |
| Facility-based continuing care services             | 28,550                      | 26,212         | 24,427                                |
| Ground Ambulance Discovery Project                  | 14,700                      | 15,016         | 13,451                                |
| Community-based care                                | 12,490                      | 13,429         | 10,567                                |
| Home care   | 19,440                      | 19,608         | 17,803                                |
| Diagnostic and therapeutic services                 | 52,330                      | 55,572         | 49,836                                |
| Promotion, prevention and protection services       | 15,530                      | 13,081         | 13,043                                |
| Research and education                              | -                           | 16             | 16                                    |
| Administration                                      | 15,650                      | 14,063         | 14,523                                |
| Information technology                              | 6,330                       | 6,835          | 6,352                                 |
| Support services                                    | 51,390                      | 55,301         | 49,099                                |
| Amortization of facilities and improvements         | 8,500                       | 10,560         | 8,534                                 |
| Reversal of provision                               | -                           | -              | (1,200)                               |
| <b>TOTAL EXPENSES</b>                               | <b>313,600</b>              | <b>317,379</b> | <b>289,547</b>                        |
| (Deficiency) excess of revenues over expenses       | \$ (13,840)                 | \$ (7,676)     | \$ 3,399                              |

The accompanying notes and schedules are part of these financial statements.

**Peace Country Health**  
**Statement of Changes in Net Assets**  
**March 31, 2009**

(In thousands of dollars)

|  | 2009                             |                              | 2008       |                               |
|--|----------------------------------|------------------------------|------------|-------------------------------|
|  | Accumulated deficit<br>(Note 11) | Investment in capital assets | Total      | Total<br>(restated<br>Note 3) |
| Balance at beginning of year                     | \$ (13,195)                      | \$ 13,290                    | \$ 95      | \$ (3,304)                    |
| (Deficiency) excess of revenues over expenses    | (7,676)                          | -                            | (7,676)    | 3,399                         |
| Capital assets purchased with internal funds     | (1,539)                          | 1,539                        | -          | -                             |
| Amortization of internally funded capital assets | 1,168                            | (1,168)                      | -          | -                             |
| Disposal of internally funded capital assets     | 23                               | (23)                         | -          | -                             |
| Repayment of long-term debt                      | (221)                            | 221                          | -          | -                             |
| Balance at end of year                           | \$ (21,440)                      | \$ 13,859                    | \$ (7,581) | \$ 95                         |

The accompanying notes and schedules are part of these financial statements.

**Peace Country Health**  
**Statement of Cashflows**  
**March 31, 2009**

(In thousands of dollars)

|  | 2009                |            | 2008                             |
|--|---------------------|------------|----------------------------------|
|  | Budget<br>(Note 13) | Actual     | Actual<br>(restated -<br>Note 3) |
| Cash generated from (used by):                                     |                     |            |                                  |
| Operating activities:  |                     |            |                                  |
| (Deficiency) excess of revenue over expenses                       | \$ (13,840)         | \$ (7,676) | \$ 3,399                         |
| Non-cash transactions:   |                     |            |                                  |
| Amortization of internally funded equipment                        | 1,200               | 962        | 2,027                            |
| Amortization of externally funded equipment                        | 4,200               | 6,189      | 5,097                            |
| Amortization of internally funded facilities and improvements      | 200                 | 206        | 234                              |
| Amortization of externally funded facilities and improvements      | 8,300               | 10,354     | 8,318                            |
| Loss on sale of equipment  | -                   | 14         | -                                |
| Amortized external capital contributions                           | (12,500)            | (16,583)   | (13,415)                         |
| Changes in non-cash working capital account                        | (4,273)             | (78)       | 8,552                            |
| Cash generated (used by) from operations                           | (16,715)            | (6,614)    | 14,212                           |
| Investing activities:  |                     |            |                                  |
| Purchase of capital assets:  |                     |            |                                  |
| Internally funded - equipment                                      | (2,560)             | (1,539)    | (1,919)                          |
| Externally funded - equipment                                      | (3,073)             | (2,135)    | (7,420)                          |
| Internally funded facilities and improvements                      | -                   | -          | (91)                             |
| Externally funded - facilities and improvements                    | (44,530)            | (9,365)    | (14,045)                         |
| Funded by long-term debt   | -                   | -          | (14)                             |
| Proceeds on sale of capital assets                                 | -                   | 51         | -                                |
| Change in non-current cash   | 11,541              | (7,761)    | (2,939)                          |
| Cash used by investing activities                                  | (38,624)            | (20,749)   | (26,448)                         |
| Financing activities:  |                     |            |                                  |
| Capital contributions received                                     | 30,974              | 18,587     | 26,954                           |
| Change in non-current receivables                                  | 4,265               | 3,413      | (1,983)                          |
| Capital contributions transferred from (to) deferred contributions | 825                 | 649        | 150                              |
| Capital contributions transferred to operations                    | -                   | (2,586)    | (317)                            |
| Transfer to asset retirement obligation                            | -                   | (638)      | -                                |
| Principal payments on long-term debt                               | (249)               | (365)      | (345)                            |
| Cash generated from financing activities                           | 35,715              | 19,060     | 24,459                           |
| Increase (decrease) in cash  | (19,624)            | (8,303)    | 12,223                           |
| Cash, beginning of year  | 19,361              | 19,361     | 7,138                            |
| Cash, end of year  | \$ (263)            | \$ 11,058  | \$ 19,361                        |

The accompanying notes and schedules are part of these financial statements.



**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(in thousands of dollars)

**1 Authority, purpose and operations**

Peace Country Health (the "Region") was established on June 24, 1994, under the *Regional Health Authorities Act*, Chapter R-10, Revised Statutes of Alberta, 2000. The Region is a registered charity and is exempt from payment of income tax under Section 149 of the *Income Tax Act*. Effective April 1, 2009, the Region will be disestablished and all assets and liabilities will be transferred to Alberta Health Services ("AHS") (Note 21).

The Region is responsible for the delivery of appropriate, accessible and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Region include the following facilities and sites:

- Beaverlodge Municipal Hospital
- Central Peace Health Complex, Spirit River
- Fairview Health Complex
- Grande Cache Community Health Complex
- Grimshaw/Berwyn Continuing Care Centre
- Fox Creek Healthcare Centre
- High Prairie Health Complex
- JB Wood Continuing Care Centre
- Hythe Continuing Care Centre
- Mackenzie Place Long Term Care Centre, Grande Prairie
- Manning Community Health Centre
- Peace River Community Health Centre
- Queen Elizabeth II Hospital, Grande Prairie
- Sacred Heart Community Health Centre, McLennan
- Valleyview Health Centre
- Worsley Health Centre
- Health Unit Offices in Beaverlodge, Fairview, Fox Creek, Gift Lake, Grande Cache, Grande Prairie, High Prairie, Kinuso, Manning, McLennan, Peace River, Spirit River, Valleyview and Worsley.
- Emergency Medical Services (EMS) Stations in Beaverlodge, Fairview, Fox Creek, Grande Cache, Grande Prairie, High Prairie, Manning, Smoky River, Peace River, Spirit River and Valleyview.

These financial statements do not include the assets, liabilities, and operations of any voluntary or private facilities providing health services in the region, except as disclosed in Note 18.

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(in thousands of dollars)

**2 Significant accounting policies and reporting practices**

**a) Basis of Presentation**

- i) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 34 issued by Alberta Health and Wellness. The significant accounting policies used in the preparation of these financial statements, including the accounting recommendations of Alberta Health and Wellness, are summarized below.
- ii) The Region participates in the Regional Shared Health Information Program ("RSHIP"), a special purpose, limited liability, not-for-profit company incorporated under the laws of Alberta. The purpose of RSHIP is to provide and manage a shared information systems infrastructure for the participating Health Authorities. The Region accounts for its 14.2% interest in RSHIP on a proportionate consolidation basis.
- iii) The Region uses the proportionate consolidation method to account for its 50% interest in each of the three Primary Care Networks:
  - Sexsmith Primary Care Network
  - West Peace Primary Care Network
  - Peace River Primary Care Network

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

*(In thousands of dollars)*

**2 Significant accounting policies and reporting practices (continued)**

iv) These financial statements use the deferral method of accounting for contributions, the key elements of which are:

- i) Unrestricted contributions are recognized as revenue in the year receivable.
- ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year in which related expenses are incurred.
- iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.
- iv) Restricted contributions for the purchase of capital assets that will not be amortized are recorded as direct increases to net assets.
- v) Unrestricted investment income is recognized in the year it is earned.
- vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets or is deferred and recognized as revenue in the year the related expenses are incurred.
- vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

**b) Capital Disclosure**

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CHCA Handbook. The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funding is from Alberta Health and Wellness which is paid at the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

*(In thousands of dollars)*

**2 Significant accounting policies and reporting practices (continued)**

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since the department does not fund ancillary operations.

The Region complied with all debt covenants during the year.

Where a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 11).

**c) Pull Cost**

The Region records the fair value of services for which it is responsible. Such fair value transactions include the following:

- i) Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Region. An equivalent amount is recorded as contracted health service operator expense of the Region.
- ii) Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Region's health programs.
- iii) The fair value for use of acute care facilities not owned by the Region is recorded as revenue from other government contributions or from donations and as program expense, since contract payments from the Region do not include an amount for the use of these facilities.
- iv) The fair value for use of non-acute care facilities not owned by the Region and provided to The Region at zero or nominal rent is recorded as other government contributions and as program expenses.
- v) Other assets, supplies, and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Region in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(In thousands of dollars)

**2 Significant accounting policies and reporting practices (continued)**

**d) Employee Future Benefits**

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where information is insufficient to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plans.

The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan to select senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. At March 31, 2009, there were no active members.

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(In thousands of dollars)

**2 Significant accounting policies and reporting practices (continued)**

**e) Financial Instruments**

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", financial liabilities classified as "other financial liabilities" and financial assets classified as "held to maturity" are measured at amortized cost using the effective interest method.

The Region has classified its financial assets and financial liabilities as follows:

| Financial Assets and Liabilities                           | Classification              |
|--|-----------------------------|
| Cash   | Held for trading            |
| Accounts receivable, contributions receivable              | Loans and receivables       |
| Accounts payable and accrued liabilities, vacation payable | Other financial liabilities |

The Region does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The carrying value of cash, accounts and contributions receivable, non-current receivables, accounts payable and accrued liabilities, and accrued vacation payable approximate their fair value because of the short term nature of these items. It is management's opinion that the region is not exposed to significant interest, currency or credit risks arising from its financial instruments.

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(In thousands of dollars)

**2 Significant accounting policies and reporting practices (continued)**

**f) Inventories**

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Region adopted this new standard as of April 1, 2006 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost as calculated on a moving average, and not realizable value.

**g) Capital Assets**

Capital assets and capital projects in progress are recorded at cost. Capital assets are amortized on a straight-line basis over the estimated useful life of the asset as follows:

|                     |               |
|---------------------|---------------|
| Land improvements   | 10 - 25 years |
| Buildings           | 20 - 40 years |
| Information systems | 10 years      |
| Major equipment     | 5 - 15 years  |

Capital assets with unit costs less than five thousand dollars are expensed. Capital projects in progress (work-in-progress) are not amortized until the project is complete. Leases transferring substantially all of the benefits and risks of ownership of capital assets are accounted for as acquisitions of capital assets financed by long-term obligations.

The Region is subject to regulations requiring the repair, removal and disposal of asbestos. The obligation, under these regulations meets the definition of a conditional asset retirement obligation. As a result of the longevity of the Region's facilities, due in part to The Region's maintenance procedures, and the fact that the Region does not have plans for major changes that would require the removal of asbestos, the timing of the removal of asbestos in the Region's facilities is indeterminable as at March 31, 2009. As a result the Region is currently unable to estimate the fair value of its asbestos removal and disposal obligation. Therefore, expenditures are recorded in accounts as they are incurred.

**h) Measurement Uncertainty**

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates.

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(In thousands of dollars)

**3 Correction of Error**

**a) Prepaid Health Benefits**

The Region established a self insured benefit plan for dental, extended health, and vision care for its employee group in 2006. The plan has accumulated a surplus which is a result of premiums paid being greater than claims submitted. Prior year comparative figures have been adjusted with retroactive effect to include the accumulated surplus less a reserve for unclaimed expenses of the benefit plan.

**b) Information Systems Amortization**

In 2006, the Region implemented a new integrated healthcare information system. The information system was recorded as a Capital Asset, however no amortization was recorded for 2006-07 and 2007-08. Prior year comparative figures have been adjusted with retroactive effect to include the impact of amortization of the information system.

Summary of the changes are as follows:

|   | 2008       | Health plan surplus | Medibank contribution | 2008 (revised) | 2007 (revised) |
|---|------------|---------------------|-----------------------|----------------|----------------|
| Assets  | \$ 262,845 | \$ 911              | \$ (1,944)            | \$ 261,812     | \$ 246,076     |
| Liabilities                                   | 262,626    | -                   | (709)                 | 261,717        | 240,380        |
| Net Assets                                    | 219        | 911                 | (1,035)               | 95             | (3,304)        |
| Total Liabilities and Net Assets              | \$ 262,845 | \$ 911              | \$ (1,944)            | \$ 261,812     | \$ 246,076     |
| Revenues                                      | \$ 292,467 | \$ -                | \$ 479                | \$ 292,946     | \$ 254,305     |
| Expenses                                      | 288,112    | 365                 | 1,070                 | 289,547        | 268,317        |
| Excess (Deficiency) of Revenues over Expenses | \$ 4,355   | \$ (454)            | \$ (591)              | \$ 3,309       | \$ (12,012)    |

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(In thousands of dollars)

**4 Cash**

|               | 2009             | 2008             |
|---------------|------------------|------------------|
| Cash          | \$ 30,360        | \$ 30,902        |
| Classified as |                  |                  |
| Current       | \$ 11,058        | \$ 19,361        |
| Non-current   | 19,302           | 11,541           |
|               | <u>\$ 30,360</u> | <u>\$ 30,902</u> |

Current cash represents amounts held for working capital purposes. Non-current cash represents amounts externally restricted for capital acquisitions.

**5 Non-current receivables**

|   | 2009          | 2008            |
|---|---------------|-----------------|
| Other Health Regions                              | \$ 691        | \$ 275          |
| Natural Resources Canada                          | 181           | 174             |
| Non-current portion of receivable from physicians | 20            | 40              |
| Alberta Health and Wellness                       | -             | 2,912           |
| Foundations                                       | -             | 904             |
|   | <u>\$ 892</u> | <u>\$ 4,305</u> |

The amounts due from Other Health Regions and Natural Resources Canada are for capital acquisitions. The amount due from a physician is related to a loan to a physician for recruitment purposes.

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(In thousands of dollars)

**6 Capital assets**

|                     | Cost                             |             |                  |                 |                                   |
|---------------------|----------------------------------|-------------|------------------|-----------------|-----------------------------------|
|                     | Opening Balance<br>April 1, 2008 | Transfers   | Additions        | Disposals       | Closing Balance<br>March 31, 2009 |
| Land                | \$ 2,072                         | \$ -        | \$ -             | \$ -            | \$ 2,072                          |
| Land Improvements   | 9,754                            | 443         | 27               | -               | 10,224                            |
| Buildings           | 280,091                          | 1,041       | 690              | -               | 281,822                           |
| Major Equipment     | 89,266                           | 891         | 2,441            | (114)           | 92,484                            |
| Information Systems | 9,719                            | -           | 161              | -               | 9,880                             |
| Work-in-progress    | 12,999                           | (2,375)     | 11,050           | -               | 21,674                            |
|                     | <u>\$ 403,901</u>                | <u>\$ -</u> | <u>\$ 14,369</u> | <u>\$ (114)</u> | <u>\$ 418,156</u>                 |

|                     | Accumulated Amortization                                |                              |                              |                                   |
|---------------------|---|------------------------------|------------------------------|-----------------------------------|
|                     | Opening Balance<br>April 1, 2008<br>(restated - Note 3) | Current year<br>amortization | Amortization on<br>Disposals | Closing Balance<br>March 31, 2009 |
| Land                | \$ -  | \$ -                         | \$ -                         | \$ -                              |
| Land Improvements   | 8,159   | 226                          | -                            | 8,385                             |
| Buildings           | 116,062   | 10,334                       | -                            | 126,396                           |
| Major Equipment     | 63,461  | 6,131                        | (49)                         | 69,543                            |
| Information Systems | 1,944   | 1,020                        | -                            | 2,964                             |
| Work-in-progress    | -   | -                            | -                            | -                                 |
|                     | <u>\$ 189,626</u>                                       | <u>\$ 17,711</u>             | <u>\$ (49)</u>               | <u>\$ 207,288</u>                 |

|                     | Net Book Value      |                   |
|---------------------|---------------------|-------------------|
|                     | 2009                | 2008              |
|                     | (restated - Note 3) |                   |
| Land                | \$ 2,072            | \$ 2,072          |
| Land Improvements   | 1,839               | 1,595             |
| Buildings           | 156,656             | 164,029           |
| Major Equipment     | 22,941              | 25,805            |
| Information Systems | 6,916               | 7,775             |
| Work-in-progress    | 20,444              | 12,999            |
|                     | <u>\$ 210,868</u>   | <u>\$ 214,275</u> |



**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(in thousands of dollars)

**6 Capital assets (continued)**

(a) Asset Retirement Obligation

The Region has recorded a liability for an asset retirement obligation of \$692 (2008 - nil). The asset retirement obligation represents the legal obligation associated with the removal of asbestos for renovations currently occurring at the Fairview Health Complex. The Region has also identified other asset retirement obligations for which the fair value cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligation for these assets will be recorded in the period in which there is sufficient information to estimate fair value.

(b) Funding

Capital assets have been funded from the following sources:

|  | 2009              | 2008              |
|--|-------------------|-------------------|
| Externally funded - unamortized external capital contributions | \$ 191,231        | \$ 195,534        |
| Internally funded - investment in capital assets               | 13,859            | 13,290            |
| Financed by debt   | 5,086             | 5,451             |
| Asset retirement obligation                                    | 692               | -                 |
|  | <u>\$ 210,868</u> | <u>\$ 214,275</u> |

**7 Deferred contributions**

|  | 2009            | 2008            |
|--|-----------------|-----------------|
| Alberta Stroke Foundation                        | \$ 570          | \$ 637          |
| Continuing care grants                           | 960             | 720             |
| Donations to support delivery of health services | 1,126           | 1,031           |
| Health promotion coordination for health weights | 548             | 483             |
| Hip and Knee                                     | 808             | -               |
| Immunization Grants                              | 427             | 407             |
| Mental Health Innovation Fund                    | 786             | 2,481           |
| Pandemic supplies                                | 1,213           | 1,213           |
| Primary Care Networks                            | 294             | 262             |
| Telehealth clinical funding                      | 911             | 637             |
| Various Other                                    | 894             | 1,006           |
| Total  | <u>\$ 8,537</u> | <u>\$ 8,577</u> |

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(in thousands of dollars)

**8 Deferred capital contributions**

The balance at the end of the year is restricted for the following purposes:

|                               | 2009             | 2008             |
|-------------------------------|------------------|------------------|
| Improvement of capital assets | \$ 10,130        | \$ 4,283         |
| New construction              | 7,910            | 9,273            |
| Equipment replacement         | 2,134            | 2,250            |
|                               | <u>\$ 20,174</u> | <u>\$ 15,806</u> |

**9 Long-term debt**

|                                  | 2009            | 2008            |
|----------------------------------|-----------------|-----------------|
| Debenture                        | \$ 3,062        | \$ 3,250        |
| Mortgages payable                | 2,022           | 2,166           |
| Obligations under capital leases | 2               | 35              |
|                                  | <u>5,086</u>    | <u>5,451</u>    |
| Less: current portion            | 346             | 348             |
| Non-current portion              | <u>\$ 4,740</u> | <u>\$ 5,103</u> |

Future payments for the year ended March 31:

|                     | Debenture       | Mortgages payable | Obligations under capital leases | Total           |
|---------------------|-----------------|-------------------|----------------------------------|-----------------|
| 2010                | \$ 196          | \$ 149            | \$ 1                             | \$ 346          |
| 2011                | 205             | 154               | -                                | 359             |
| 2012                | 215             | 159               | -                                | 374             |
| 2013                | 225             | 164               | -                                | 389             |
| 2014                | 235             | 169               | -                                | 404             |
| 2015 and thereafter | 1,986           | 1,228             | -                                | 3,214           |
|                     | <u>\$ 3,062</u> | <u>\$ 2,023</u>   | <u>\$ 1</u>                      | <u>\$ 5,086</u> |



**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(In thousands of dollars)

**9 Long-term debt (continued)**

The debenture matures in 2021, has an annual rate of 4.6% and is repayable in blended semi-annual payments of \$167.

The terms of the mortgage payable are as follows:

Mortgage 1 is secured by a demand promissory note in the amount of \$2,164, real property with a carrying value of \$1,670, assignment of insurance on the property and a general security agreement. It is repayable in blended monthly payments of \$15.5, including interest at a rate of Prime + 0.5%, and matures March, 2020.

Mortgage 2 is secured by a demand promissory note in the amount of \$350, real property with carrying value of \$499, assignment of insurance on the property and a general security agreement. It is repayable in blended monthly payments of \$2.5, including interest at a rate of 5.90%, and matures December, 2023.

The only remaining capital lease expires in April of 2009. The implicit interest rate payable on this lease is 17.7%.

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(In thousands of dollars)

**10 Long-Term Employee Benefits**

**(a) Supplementary Retirement Plan**

The Region participated in a Supplementary Retirement Plan for a select group of employees. Benefits were based on 2.00% of the member's highest average earnings over a 60 consecutive month period less the average of the maximum pensionable earnings as determined under the provisions of the Local Authorities Pension Plan over the last 60 consecutive month period multiplied by the member's credited service under the Supplementary Retirement Plan.

|  | 2009           | 2008            |
|--|----------------|-----------------|
| Accrued benefit obligation   |                |                 |
| Accrued obligation, beginning of year                                | \$ 581         | \$ 396          |
| Current service cost   | 27             | 60              |
| Interest cost  | 15             | 23              |
| Actuarial loss (gain)  | (62)           | 102             |
| Benefit payments   | (561)          | -               |
| Accrued obligation, end of year                                      | <u>\$ -</u>    | <u>\$ 581</u>   |
| Reconciliation of funded status of accrued benefit asset / liability |                |                 |
| Funded status of plan (deficit)                                      | \$ -           | \$ (581)        |
| Unamortized actuarial loss (gain)                                    | -              | -               |
| Unamortized prior service costs                                      | -              | -               |
| Accrued benefit asset (liability)                                    | <u>\$ -</u>    | <u>\$ (581)</u> |
| Current service cost   | \$ 27          | \$ 60           |
| Interest cost  | 15             | 23              |
| Amortization of prior service costs                                  | -              | 160             |
| Amortization of net actuarial loss (gain)                            | (62)           | 88              |
| Benefit cost   | <u>\$ (20)</u> | <u>\$ 331</u>   |

**Actuarial Valuation**

No valuation was performed at March 31, 2009 as the Supplementary Retirement Plan had no plan members or beneficiaries.

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(In thousands of dollars)

**10 Long-Term Employee Benefits (continued)**

**b) Pension Expense**

The Region participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Region's annual contributions payable of \$11,713 for the year ended March 31, 2009 (2008 \$10,312).

At December 31, 2008, the Local Authorities Pension Plan reported an actuarial deficiency of \$4,413,971 (2007 \$1,183,334).

**11 Accumulated Deficit**

The Region has reported an accumulated deficit at each of March 31, 2009 and 2008. Per Alberta Regulation 15/95 of the Regional Health Authorities Act, AHS will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(In thousands of dollars)

**12 Contingencies and Commitments**

**Commitments**

**a) Contracts**

The Region is committed to several contracts and is required to make the following minimum payments over the next five years:

|                     | Service/<br>maintenance<br>contracts | Specific program<br>commitments | Equipment leases | Total            |
|---------------------|--------------------------------------|---------------------------------|------------------|------------------|
| 2010                | \$ 1,107                             | \$ 8,758                        | \$ 333           | \$ 10,198        |
| 2011                | 867                                  | 7,738                           | 223              | 8,828            |
| 2012                | 754                                  | 7,617                           | 84               | 8,455            |
| 2013                | 567                                  | 7,273                           | 9                | 7,849            |
| 2014 and thereafter | 316                                  | 6,797                           | 1                | 7,114            |
|                     | <u>\$ 3,611</u>                      | <u>\$ 38,183</u>                | <u>\$ 650</u>    | <u>\$ 42,444</u> |

**b) Capital Projects**

The Region is contractually committed to \$49,016 for capital projects.

**Contingencies**

The Region has a contingent liability in respect of a claim concerning increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The total amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied. The outcome of the claim is not determinable and no liability is recorded at this time.

**13 Budget**

The budget was prepared by management and submitted to the Minister of Health and Wellness on June 19, 2008. Over the course of the fiscal year, the Minister provided additional funding of \$8,834. Management has allocated these additional resources to address funding expectations.

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(In thousands of dollars)

**14 Alberta Health and Wellness contributions**

|   | 2009              | 2008              |
|---|-------------------|-------------------|
| Unrestricted contributions                          | \$ 242,927        | \$ 237,482        |
| Transfers from deferred contributions               | 12,953            | 12,380            |
| Transfers from deferred capital contributions       | 2,586             | 317               |
| Primary Care Network Consolidation                  | 682               | 310               |
| Write-off of ambulance Discovery Project receivable | -                 | (286)             |
|   | <u>\$ 259,148</u> | <u>\$ 250,203</u> |

**15 Other government contributions**

|  | 2009            | 2008          |
|--|-----------------|---------------|
| <b>Alberta Government</b>                                |                 |               |
| Fair value of rent for non-acute care used by the Region | \$ 755          | \$ 864        |
| Transition Grant from East Central Health (Note 20)      | 1,073           | -             |
| Provincial Cardiac Access                                | 355             | 23            |
| Provincial Trauma Emergency                              | 103             | -             |
| Hip and Knee   | 101             | -             |
| Alberta Cancer Board                                     | 91              | 15            |
| Alberta Alcohol and Drug Abuse Commission                | -               | 23            |
|  | <u>\$ 2,478</u> | <u>\$ 925</u> |

**16 Ancillary operations**

|                         | 2009          |                 |                      |                                  | 2008          |                 |                      |                                  |
|-------------------------|---------------|-----------------|----------------------|----------------------------------|---------------|-----------------|----------------------|----------------------------------|
|                         | Revenues      | Direct Expenses | Amortization Expense | Excess of Revenues over Expenses | Revenues      | Direct Expenses | Amortization Expense | Excess of Revenues over Expenses |
| Parking operations      | \$ 363        | \$ 1            | \$ -                 | \$ 362                           | \$ 348        | \$ 238          | \$ -                 | \$ 110                           |
| Rental/Other operations | 407           | 132             | 18                   | 257                              | 388           | 319             | -                    | 69                               |
| Total                   | <u>\$ 770</u> | <u>\$ 133</u>   | <u>\$ 18</u>         | <u>\$ 619</u>                    | <u>\$ 736</u> | <u>\$ 557</u>   | <u>\$ -</u>          | <u>\$ 182</u>                    |

Ancillary expenses are reported in Support Services in the Statement of Operations.

**Peace Country Health**  
Notes to Financial Statements  
March 31, 2009

(In thousands of dollars)

**17 Investment and other income**

|                   | 2009            | 2008            |
|-------------------|-----------------|-----------------|
| Investment income | \$ 294          | \$ 406          |
| Grant income      | 760             | 681             |
| Other income      | 7,808           | 7,966           |
|                   | <u>\$ 8,862</u> | <u>\$ 9,053</u> |

Investment income comprises of interest on bank deposits.

Other income comprises recoveries from sources external to the Region for materials, supplies and wages.

**18 Related parties**

a) Province of Alberta

The Region is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the board members. The Region is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

b) Health Regions

The Region had the following transactions with other health regions recorded on the Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties.

|  | 2009     |         |            |         | 2008     |         |            |         |
|--|----------|---------|------------|---------|----------|---------|------------|---------|
|  | Revenue  | Expense | Receivable | Payable | Revenue  | Expense | Receivable | Payable |
| Other regional health authorities and provincial health boards | \$ 2,257 | \$ 150  | \$ 1,762   | \$ -    | \$ 1,372 | \$ 179  | \$ 161     | \$ 914  |

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

(In thousands of dollars)

**18 Related parties (continued)**

**c) Regional Shared Health Information Program ("RSHIP")**

The seven non-metro health regions (list) have entered into an agreement under the name Regional Shared Health Information Program ("RSHIP"), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record ("EHR") initiative.

|                            | 2009          | 2008            |
|----------------------------|---------------|-----------------|
| AHW Funding                | \$ 161        | \$ 241          |
| Health region contribution | 566           | 1,537           |
| Total                      | <u>\$ 727</u> | <u>\$ 1,778</u> |
| Reported as follows:       |               |                 |
| Expenses                   | \$ 566        | \$ 800          |
| Capital assets             | 161           | 978             |
| Total                      | <u>\$ 727</u> | <u>\$ 1,778</u> |

**d) Primary Care Networks**

The Region's share of the Seznamith, West Peace and Peace River Primary Care Networks are included in the financial statements under the proportionate consolidation method.

|                               | Health region's 50% share |               |
|-------------------------------|---------------------------|---------------|
|                               | 2009                      | 2008          |
| Opening Balance               | \$ 262                    | \$ -          |
| Contributions from AHW        | 714                       | 572           |
| Amounts recognized as revenue | (682)                     | (310)         |
| Amounts deferred              | <u>\$ 294</u>             | <u>\$ 262</u> |

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

(In thousands of dollars)

**18 Related parties (continued)**

**e) Foundations**

The Region has an economic interest in the following Foundations. These Foundations raise funds to benefit The Region and other health related entities and are registered charities under the Income Tax Act:

Besswidge Hospital Foundation  
 Fairview Health Complex Foundation  
 Grande Cache Hospital Foundation  
 Grimshaw/Berwyn & District Hospital Foundation  
 Hythe Nursing Home Foundation  
 Peace Health Foundation  
 Queen Elizabeth II Hospital Foundation  
 Valleyview Health Care Foundation

**f) Contracts with Health Service Providers**

The Region has an economic interest through its contracts with voluntary and private health services providers in the region. Funding was provided as follows:

|                       | 2009                               |                                  |                  | 2008                               |                                  |                 |
|-----------------------|------------------------------------|----------------------------------|------------------|------------------------------------|----------------------------------|-----------------|
|                       | Voluntary Health Service Providers | Private Health Service Providers | Total            | Voluntary Health Service Providers | Private Health Service Providers | Total           |
| Direct Region funding | \$ 505                             | \$ 8,407                         | \$ 8,912         | \$ 502                             | \$ 6,519                         | \$ 7,021        |
| Fees and charges      | -                                  | 1,756                            | 1,756            | -                                  | 1,447                            | 1,447           |
| Total                 | <u>\$ 505</u>                      | <u>\$ 10,163</u>                 | <u>\$ 10,668</u> | <u>\$ 502</u>                      | <u>\$ 7,966</u>                  | <u>\$ 8,468</u> |

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

(In thousands of dollars)

**19 Trust funds**

The Region holds funds in the amount of \$410 (2008 - \$487) on behalf of its continuing care clients, the Queen Elizabeth II Hospital Child Care Centre, Rural Regional Health Authorities, and the Sexsmith Primary Care Network. These amounts are not reported in the statements.

|                                   | 2009   | 2008   |
|-----------------------------------|--------|--------|
| Cancer Care Clinics               | 33     | 117    |
| Continuing Care Clients           | 287    | 275    |
| QEII Child Care Centre            | 44     | 26     |
| Rural Regional Health Authorities | 8      | 43     |
| Sexsmith Primary Care Network     | 38     | 26     |
| Total                             | \$ 410 | \$ 487 |

**20 Transition Costs**

As at March 31, 2009, the Region recorded incremental transition costs and restructuring charges related to the transition to Alberta Health Services consisting of severance costs and termination benefits (Schedule 2). These charges are included in Administration in the Consolidated Statement of Operations.

|                                | Severance       |       |         |
|--------------------------------|-----------------|-------|---------|
|                                | Related Charges | Other | Total   |
| Liability as at March 31, 2008 | \$ 321          | \$ -  | \$ 321  |
| Expenses                       | 683             | 84    | 767     |
| Payments made during the year  | (1,004)         | (84)  | (1,088) |
| Liability as at March 31, 2009 | \$ -            | \$ -  | \$ -    |
| Unfunded SRP                   | \$ 306          | \$ -  | \$ 306  |

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of Alberta Health Services transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described above.

**Peace Country Health**  
**Notes to Financial Statements**  
**March 31, 2009**

(In thousands of dollars)

**20 Transition Costs (continued)**

Unfunded SRP - The transition grant restrictions include payments for the unfunded status of the Region's Supplemental Retirement Plan. The Region has also recorded a current receivable from East Central Health for the amount of any lump sum payments during the year as a part of the termination package.

**21 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of the health services delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission (AADAC). Effective April 1, 2009, all of these entities including the Region but excluding East Central Health will be disestablished and all of the assets, liabilities, rights, and obligations of these entities, including the Region, will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

**22 Comparative figures**

Certain 2008 figures have been reclassified and restated to conform to 2009 presentation.

**23 Approval of financial statements**

These financial statements have been approved by the Alberta Health Services Board.

**Peace Country Health**  
**Schedule of Expenses by Object**  
**March 31, 2009**

**Schedule 1**

(in thousands of dollars)

|   | 2009              |                   | 2008                |  |
|---|-------------------|-------------------|---------------------|--|
|   | Budget            | Actual            | Actual              |  |
|   | (Note 13)         |                   | (restated - Note 3) |  |
| Salaries and Benefits (Schedule 2)                | \$ 218,300        | \$ 211,625        | \$ 196,188          |  |
| Contracts with health service providers (Note 18) | 9,500             | 10,668            | 8,468               |  |
| Drugs and gases                                   | 5,190             | 4,832             | 4,991               |  |
| Medical and surgical supplies                     | 6,460             | 6,845             | 6,149               |  |
| Other contracted services                         | 19,440            | 23,066            | 19,508              |  |
| Interest on long-term debt                        | 250               | 256               | 288                 |  |
| Other *   | 40,560            | 42,362            | 40,353              |  |
| Amortization:                                     |                   |                   |                     |  |
| Capital equipment - internally funded             | 1,200             | 962               | 1,583               |  |
| Capital equipment - externally funded             | 4,200             | 6,189             | 4,667               |  |
| Facilities and improvements - internally funded   | 200               | 206               | 234                 |  |
| Facilities and improvements - externally funded   | 8,300             | 10,354            | 8,318               |  |
| Loss on disposal                                  | -                 | 14                | -                   |  |
| Reversal of provision                             | -                 | -                 | (1,200)             |  |
|   | <u>\$ 313,600</u> | <u>\$ 317,379</u> | <u>\$ 289,547</u>   |  |
|   |                   |                   |                     |  |
|   | 2009              |                   | 2008                |  |
|   | Budget            | Actual            | Actual              |  |
|   |                   |                   |                     |  |
| Other: Significant amounts include                |                   |                   |                     |  |
| Building and Grounds Maintenance                  | \$ 2,850          | \$ 5,667          | \$ 3,254            |  |
| Diagnostic and therapeutic supplies               | 3,125             | 3,658             | 3,473               |  |
| Equipment expenses                                | 6,524             | 7,430             | 6,500               |  |
| Food supplies                                     | 2,353             | 2,651             | 2,422               |  |
| Recruitment and relocation                        | 3,034             | 2,341             | 3,707               |  |
| Utilities   | 5,547             | 6,176             | 5,496               |  |
| Other   | 17,127            | 14,439            | 15,501              |  |
|   | <u>\$ 40,560</u>  | <u>\$ 42,362</u>  | <u>\$ 40,353</u>    |  |



# Peace Country Health

## Schedule of Honoraria, Benefits, Allowances, and Severance March 31, 2009

### Schedule 2

|                          | 2009                      |                    |                            |                                   |                   |                          |                  |           | 2008                      |               |
|--------------------------|---------------------------|--------------------|----------------------------|-----------------------------------|-------------------|--------------------------|------------------|-----------|---------------------------|---------------|
|                          | Number<br>of FTE's<br>(1) | Base Salary<br>(2) | Other Cash<br>Benefits (3) | Other<br>Cash<br>Benefits (4)(11) | Non-<br>Sub Total | Number of<br>Individuals | (5)<br>Severance | Total     | Number<br>of FTE's<br>(1) | Total         |
| <b>Board Chair (6)</b>   |                           |                    |                            |                                   |                   |                          |                  |           |                           |               |
| Ken Hughes - AHS         | 0.88                      | \$ -               | \$ -                       | \$ -                              | -                 | -                        | -                | -         | -                         | -             |
| Marvin Moore             | 0.12                      | -                  | 9                          | -                                 | 9                 | -                        | -                | 9         | 1.00                      | 52            |
| <b>Board Members (6)</b> |                           |                    |                            |                                   |                   |                          |                  |           |                           |               |
| Jack Ady - AHS           | 0.88                      | -                  | -                          | -                                 | -                 | -                        | -                | -         | -                         | -             |
| Pierre Crevolin - AHS    | 0.21                      | -                  | -                          | -                                 | -                 | -                        | -                | -         | -                         | -             |
| Catherine Roozen - AHS   | 0.63                      | -                  | -                          | -                                 | -                 | -                        | -                | -         | -                         | -             |
| Linda Hohol - AHS        | 0.88                      | -                  | -                          | -                                 | -                 | -                        | -                | -         | -                         | -             |
| John Lehnars - AHS       | 0.88                      | -                  | -                          | -                                 | -                 | -                        | -                | -         | -                         | -             |
| Irene Lewis - AHS        | 0.88                      | -                  | -                          | -                                 | -                 | -                        | -                | -         | -                         | -             |
| Don Sieben - AHS         | 0.88                      | -                  | -                          | -                                 | -                 | -                        | -                | -         | -                         | -             |
| Lori Andrechuk - AHS     | 0.33                      | -                  | -                          | -                                 | -                 | -                        | -                | -         | -                         | -             |
| Gord Bontje - AHS        | 0.33                      | -                  | -                          | -                                 | -                 | -                        | -                | -         | -                         | -             |
| Teri Lynn Bougie - AHS   | 0.33                      | -                  | -                          | -                                 | -                 | -                        | -                | -         | -                         | -             |
| Jim Clifford - AHS       | 0.33                      | -                  | -                          | -                                 | -                 | -                        | -                | -         | -                         | -             |
| Strater Crowfoot - AHS   | 0.33                      | -                  | -                          | -                                 | -                 | -                        | -                | -         | -                         | -             |
| Tony Franceschini - AHS  | 0.33                      | -                  | -                          | -                                 | -                 | -                        | -                | -         | -                         | -             |
| Andreas Lampakis - AHS   | 0.33                      | -                  | -                          | -                                 | -                 | -                        | -                | -         | -                         | -             |
| Gord Winkel - AHS        | 0.33                      | -                  | -                          | -                                 | -                 | -                        | -                | -         | -                         | -             |
| Claudia Buck             | 0.12                      | -                  | 6                          | -                                 | 6                 | -                        | -                | 6         | 1.00                      | 17            |
| Dennis Grant             | 0.12                      | -                  | 6                          | -                                 | 6                 | -                        | -                | 6         | 1.00                      | 13            |
| Delphine Harbourn        | 0.12                      | -                  | 4                          | -                                 | 4                 | -                        | -                | 4         | 1.00                      | 16            |
| Andre Harpe              | 0.12                      | -                  | 6                          | -                                 | 6                 | -                        | -                | 6         | 1.00                      | 19            |
| Milton Hommy             | 0.12                      | -                  | 5                          | -                                 | 5                 | -                        | -                | 5         | 1.00                      | 15            |
| Wayne Jacques            | 0.12                      | -                  | 5                          | -                                 | 5                 | -                        | -                | 5         | 1.00                      | 10            |
| Rose Kasinec             | 0.12                      | -                  | 3                          | -                                 | 3                 | -                        | -                | 3         | 1.00                      | 14            |
| Betty Kruse              | 0.12                      | -                  | 5                          | -                                 | 5                 | -                        | -                | 5         | 1.00                      | 20            |
| Lawrence Meardi          | 0.12                      | -                  | 2                          | -                                 | 2                 | -                        | -                | 2         | 1.00                      | 12            |
| Jean Rycroft             | 0.12                      | -                  | 5                          | -                                 | 5                 | -                        | -                | 5         | 1.00                      | 14            |
| Marie Saville            | 0.12                      | -                  | 6                          | -                                 | 6                 | -                        | -                | 6         | 1.00                      | 16            |
| Brenda Strom             | 0.12                      | -                  | 11                         | -                                 | 11                | -                        | -                | 11        | 1.00                      | 18            |
| <b>Sub-total</b>         | <b>10.32</b>              | <b>\$ -</b>        | <b>\$ 73</b>               | <b>\$ -</b>                       | <b>73</b>         | <b>-</b>                 | <b>-</b>         | <b>73</b> | <b>13.00</b>              | <b>\$ 236</b> |

**Peace Country Health**  
**Schedule of Honoraria, Benefits, Allowances, and Severance**  
**March 31, 2009**

**Schedule 2**  
**(continued)**

|   | 2009                      |                    |                            |                                   |                   |                          |                  |                   | 2008                      |                   |
|---|---------------------------|--------------------|----------------------------|-----------------------------------|-------------------|--------------------------|------------------|-------------------|---------------------------|-------------------|
|   | Number<br>of FTE's<br>(1) | Base Salary<br>(2) | Other Cash<br>Benefits (3) | Other<br>Cash<br>Benefits (4)(11) | Non-<br>Sub Total | Number of<br>Individuals | Severance<br>(5) | Total             | Number<br>of FTE's<br>(1) | Total             |
| <b>Board Direct Reports (7)</b>                   |                           |                    |                            |                                   |                   |                          |                  |                   |                           |                   |
| President and Chief Executive Officer - AHS (8)   | 0.02                      | \$ -               | \$ -                       | \$ -                              | \$ -              | -                        | \$ -             | \$ -              | -                         | \$ -              |
| Interim Chief Executive Officer - AHS (8)         | 0.88                      | -                  | -                          | -                                 | -                 | -                        | -                | -                 | -                         | -                 |
| Chief Executive Officer (9)(9)                    | 0.27                      | 65                 | 35                         | -                                 | 100               | 1.00                     | 485              | 585               | 1.00                      | 360               |
| Medical Officer of Health                         | 1.00                      | 304                | -                          | 29                                | 333               | -                        | -                | 333               | 1.00                      | 321               |
| Senior Capital Projects Manager                   | 0.46                      | 91                 | 17                         | 33                                | 141               | 1.00                     | 104              | 245               | 1.00                      | 380               |
| <b>CEO Direct Reports (10)</b>                    |                           |                    |                            |                                   |                   |                          |                  |                   |                           |                   |
| Vice President, Health Services (Urban)           | 1.00                      | 187                | 18                         | 35                                | 240               | -                        | -                | 240               | 1.00                      | 223               |
| Vice President, Health Services (Rural)           | 1.00                      | 187                | 18                         | 31                                | 236               | -                        | -                | 236               | 1.00                      | 223               |
| Vice President, Medical & Legal Services          | 1.00                      | 187                | 18                         | 20                                | 225               | -                        | -                | 225               | 1.00                      | 226               |
| Vice President, Finance & Corporate Services      | 0.79                      | 147                | 18                         | -                                 | 165               | 1.00                     | 94               | 259               | 0.83                      | 194               |
| Chief Information Officer                         | 1.00                      | 135                | -                          | 15                                | 150               | -                        | -                | 150               | 1.00                      | 148               |
| Vice President, Regional Health Services          | -                         | -                  | -                          | -                                 | -                 | -                        | -                | -                 | 0.25                      | 161               |
| Vice President, Medical Affairs                   | -                         | -                  | -                          | -                                 | -                 | -                        | -                | -                 | 0.00                      | 142               |
| Organizational Change Consultant                  | -                         | -                  | -                          | -                                 | -                 | -                        | -                | -                 | 0.38                      | 61                |
|   | <b>7.42</b>               | <b>1,303</b>       | <b>124</b>                 | <b>163</b>                        | <b>1,590</b>      | <b>3.00</b>              | <b>683</b>       | <b>2,273</b>      | <b>8.46</b>               | <b>2,439</b>      |
| <b>Total Board and Executive</b>                  | <b>17.74</b>              | <b>\$ 1,303</b>    | <b>\$ 197</b>              | <b>\$ 163</b>                     | <b>\$ 1,663</b>   | <b>3.00</b>              | <b>\$ 683</b>    | <b>\$ 2,346</b>   | <b>21.46</b>              | <b>\$ 2,675</b>   |
| <b>Board and Executive</b>                        | <b>17.74</b>              | <b>\$ 1,303</b>    | <b>\$ 197</b>              | <b>\$ 163</b>                     | <b>\$ 1,663</b>   | <b>3.00</b>              | <b>\$ 683</b>    | <b>\$ 2,346</b>   | <b>21.46</b>              | <b>\$ 2,675</b>   |
| <b>Management reporting to CEO direct reports</b> | <b>8.00</b>               | <b>1,075</b>       | <b>26</b>                  | <b>194</b>                        | <b>1,295</b>      | <b>-</b>                 | <b>-</b>         | <b>1,295</b>      | <b>7.58</b>               | <b>1,160</b>      |
| <b>Other management</b>                           | <b>103.08</b>             | <b>10,003</b>      | <b>191</b>                 | <b>1,817</b>                      | <b>12,011</b>     | <b>-</b>                 | <b>-</b>         | <b>12,011</b>     | <b>109.41</b>             | <b>12,424</b>     |
| <b>Regulated nurses not included above*</b>       |                           |                    |                            |                                   |                   |                          |                  |                   |                           |                   |
| - RNs, Reg. Psych. nurses, Grad nurses            | 552.82                    | 46,914             | 5,764                      | 8,735                             | 61,413            | -                        | -                | 61,413            | 566.67                    | 59,531            |
| - LPNs  | 210.81                    | 12,417             | 792                        | 2,181                             | 15,390            | -                        | -                | 15,390            | 219.28                    | 14,242            |
| <b>Other health technical &amp; professionals</b> | <b>531.88</b>             | <b>36,039</b>      | <b>5,377</b>               | <b>7,603</b>                      | <b>49,019</b>     | <b>-</b>                 | <b>-</b>         | <b>49,019</b>     | <b>504.35</b>             | <b>42,812</b>     |
| <b>Unregulated health service providers</b>       | <b>333.97</b>             | <b>14,681</b>      | <b>367</b>                 | <b>2,352</b>                      | <b>17,400</b>     | <b>-</b>                 | <b>-</b>         | <b>17,400</b>     | <b>328.84</b>             | <b>15,390</b>     |
| <b>Other staff</b>                                | <b>910.03</b>             | <b>44,014</b>      | <b>1,315</b>               | <b>8,090</b>                      | <b>53,419</b>     | <b>-</b>                 | <b>-</b>         | <b>53,419</b>     | <b>900.45</b>             | <b>48,791</b>     |
| <b>Grand Total (12)</b>                           | <b>2668.32</b>            | <b>\$ 166,446</b>  | <b>\$ 14,029</b>           | <b>\$ 31,135</b>                  | <b>\$ 211,610</b> | <b>3.00</b>              | <b>\$ 683</b>    | <b>\$ 212,293</b> | <b>2658.04</b>            | <b>\$ 197,025</b> |

# Peace Country Health

## Schedule of Honoraria, Benefits, Allowances, and Severance... Continued For the year ended March 31, 2009

Schedule 2

(In thousands of dollars)

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 4,891 (2008 - 4,127). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
  - a) Employer's current and prior service cost of supplementary retirement plans per note (12) below.
  - b) Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, Employment Insurance, and Worker's Compensation Board premiums.
- (5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (6) On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services ("AHS") interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- (7) Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- (8) On July 8, 2008 the Region's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- (9) The Chief Executive Officer is provided with an automobile allowance. The amount of the allowance is included in other cash benefits.
- (10) CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed at July 8, 2009.

# Peace Country Health

## Schedule of Honoraria, Benefits, Allowances, and Severance... Continued For the year ended March 31, 2009

Schedule 2

(In thousands of dollars)

### (11) Supplementary Retirement Plan (SRP)

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings.

|                                 | 2009                 |                               |         | 2008   |
|---------------------------------|----------------------|-------------------------------|---------|--------|
|                                 | Current Service Cost | Prior Service and Other Costs | Total   | Total  |
| Expensed to Operations          |                      |                               |         |        |
| Chief Executive Officer         | \$ 10                | \$ (49)                       | \$ (39) | \$ 53  |
| Retired Members                 |                      |                               |         |        |
| Vice President, Medical Affairs | -                    | (5)                           | (5)     | 142    |
|                                 | 10                   | (54)                          | (44)    | 195    |
| Included in Capital Assets      |                      |                               |         |        |
| Senior Capital Projects Manager | 17                   | 7                             | 24      | 136    |
|                                 | \$ 27                | \$ (47)                       | \$ (20) | \$ 331 |

The accrued obligation for each executive under the SERP is outlined in the following table:

|                                 | Accrued obligation March 31, 2008 | Change in accrued obligation | Benefit Payments | Accrued obligation March 31, 2009 |
|---------------------------------|-----------------------------------|------------------------------|------------------|-----------------------------------|
| Chief Executive Officer         | \$ 73                             | \$ (39)                      | \$ (34)          | \$ -                              |
| Senior Capital Projects Manager | 248                               | 24                           | (272)            | -                                 |
| Retired Members                 |                                   |                              |                  |                                   |
| Vice President, Medical Affairs | 260                               | (5)                          | (255)            | -                                 |
|                                 | \$ 581                            | \$ (20)                      | \$ (561)         | \$ -                              |

# Peace Country Health

## Schedule 2

### Schedule of Honoraria, Benefits, Allowances, and Severance... *Continued* For the year ended March 31, 2009

(in thousands of dollars)

Based on future SERP compensation benefits described above, the following schedule outlines pension income received by individuals within the 2008-09 fiscal period:

| Name                            | Pension Income | Frequency | Term     |
|---------------------------------|----------------|-----------|----------|
| Chief Executive Officer         | 34             | Lump Sum  | One Time |
| Senior Capital Projects Manager | 272            | Lump Sum  | One Time |
| Retired Members                 | 255            | Lump Sum  | One Time |

#### (12) Schedule 2 Grand Total Salaries and Benefits

Total on Schedule 2 Salaries & Benefits includes salary and benefits expense to operating and capital. Breakdown by Schedule 2 category as follows:

|                         | 2009       | 2008       |
|-------------------------|------------|------------|
| Expensed to Operations  | \$ 211,625 | \$ 196,188 |
| Expensed to Capital     | 668        | 837        |
| Total as per Schedule 2 | \$ 212,293 | \$ 197,025 |

NORTHERN LIGHTS HEALTH REGION

FINANCIAL STATEMENTS

MARCH 31, 2009

Statement of Management Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries and Benefits

NORTHERN LIGHTS HEALTH REGION  
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING  
FINANCIAL STATEMENTS  
MARCH 31, 2009

The accompanying financial statements are the responsibility of management and have been approved by senior management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes to review internal controls. This system offers management reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Region has established a code of ethics and corporate directives, which include communication of the code to employees.

The Region members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow him to report on the fairness of the financial statements prepared by management.

[Original signed]

Dr. Stephen Duckert

Chief Executive Officer

[Original signed]

Chris Mazurkewich

AHS - Chief Financial Officer

[Original signed]

Gill Danby

Chief Financial Officer





## Auditor's Report

To the Members of the Alberta Health Services Board  
and the Minister of Health and Wellness

I have audited the statement of financial position of the Northern Lights Health Region (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

## NORTHERN LIGHTS HEALTH REGION STATEMENT OF FINANCIAL POSITION

March 31, 2009  
(In thousands)

|   | 2009<br>Actual    | 2008<br>Actual    |
|---|-------------------|-------------------|
| <b>ASSETS</b>   |                   |                   |
| Current:  |                   |                   |
| Cash, cash equivalents and investments (Note 3)             | \$ 54,315         | \$ 34,550         |
| Accounts receivable   | 6,626             | 8,226             |
| Contributions receivable from Alberta Health and Wellness   | 212               | 1,747             |
| Inventories   | 1,148             | 997               |
| Prepaid expenses  | 487               | 634               |
|   | 62,788            | 46,154            |
| Non-current cash, cash equivalents and investments (Note 3) | 37,726            | 39,160            |
| Capital assets (Note 4)                                     | 106,272           | 85,900            |
| Other assets  | -                 | 68                |
| <b>TOTAL ASSETS</b>   | <b>\$ 206,786</b> | <b>\$ 171,282</b> |
| <b>LIABILITIES AND NET ASSETS</b>                           |                   |                   |
| Current:  |                   |                   |
| Accounts payable and accrued liabilities                    | \$ 22,409         | \$ 14,617         |
| Accrued vacation pay  | 3,911             | 3,554             |
| Deferred contributions (Note 5)                             | 6,766             | 6,851             |
|   | 33,086            | 25,022            |
| Deferred contributions (Note 5)                             | 4                 | 4                 |
| Deferred capital contributions (Note 6)                     | 37,722            | 39,224            |
| Unamortized external capital contributions                  | 85,786            | 78,240            |
|   | 156,598           | 142,490           |
| Net assets  |                   |                   |
| Accumulated surplus   | 29,703            | 21,129            |
| Investment in capital assets                                | 20,486            | 7,660             |
| Cumulative net unrealized (losses)/gains on investments     | (1)               | 3                 |
| Operating net assets  | 50,188            | 28,792            |
| Commitments and contingencies (Note 8)                      |                   |                   |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                     | <b>\$ 206,786</b> | <b>\$ 171,282</b> |

The accompanying notes and schedules are part of these financial statements.



**NORTHERN LIGHTS HEALTH REGION**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended March 31, 2009**  
(In thousands)

|   | 2009               |                | 2008           |
|---|--------------------|----------------|----------------|
|   | Budget<br>(Note 9) | Actual         | Actual         |
| <b>Revenue</b>                                      |                    |                |                |
| Alberta Health and Wellness contributions (Note 10) | \$ 151,866         | \$ 153,301     | \$ 143,111     |
| Other government contributions (Note 11)            | 2,252              | 3,300          | 2,521          |
| Fees and charges                                    | 11,457             | 12,247         | 9,495          |
| Ancillary operations (Note 12)                      | 1,290              | 1,689          | 1,219          |
| Donations   | 1,533              | 952            | 802            |
| Investment and other income (Note 13)               | 2,915              | 2,585          | 2,666          |
| Amortized external capital contributions            | 8,155              | 6,744          | 6,468          |
| <b>TOTAL REVENUE</b>                                | <b>179,468</b>     | <b>180,818</b> | <b>166,282</b> |
| <b>Expenses (Schedule 1)</b>                        |                    |                |                |
| Inpatient acute nursing services                    | 40,323             | 36,704         | 31,076         |
| Emergency and outpatient services                   | 19,485             | 16,124         | 11,330         |
| Facility-based continuing care services             | 8,961              | 8,388          | 5,801          |
| Community-based care                                | 5,467              | 4,906          | 4,820          |
| Home care   | 5,476              | 4,224          | 3,555          |
| Diagnostic and therapeutic services                 | 27,829             | 25,370         | 21,648         |
| Promotion, prevention and protection services       | 12,162             | 10,480         | 8,723          |
| Administration                                      | 17,005             | 15,404         | 13,077         |
| Information technology                              | 6,438              | 6,355          | 6,049          |
| Support services                                    | 30,639             | 29,690         | 25,064         |
| Amortization of facilities and improvements         | 5,632              | 4,197          | 4,001          |
| <b>TOTAL EXPENSES</b>                               | <b>179,417</b>     | <b>161,842</b> | <b>135,144</b> |
| Excess of revenue over expense                      | \$ 51              | \$ 18,976      | \$ 31,138      |

The accompanying notes and schedules are part of these financial statements.

**NORTHERN LIGHTS HEALTH REGION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the Year Ended March 31, 2009**  
(in thousands)

|  | 2009                |                              |   | 2008             |                  |
|--|---------------------|------------------------------|---|------------------|------------------|
|  | Accumulated surplus | Investment in capital assets | Cumulative net unrealized gains/(losses) on investments | Total            | Total            |
| Balance at beginning of year   | \$ 21,129           | \$ 7,660                     | \$ 3  | \$ 28,792        | \$ (2,349)       |
| Excess of revenue over expense   | 18,976              | -                            | -   | 18,976           | 31,138           |
| Capital assets purchased with internal funds   | (11,560)            | 11,560                       | -   | -                | -                |
| Externally-funded land purchase transfer   |                     | 2,424                        |   | 2,424            |                  |
| Amortization of internally funded capital assets   | 1,092               | (1,092)                      | -   | -                | -                |
| Loss on disposal of internally funded capital assets   | 66                  | (66)                         | -   | -                | -                |
| Cumulative net unrealized (losses)/gains on investments                                      |                     |                              |   |                  |                  |
| Unrealized gains and losses on available for sale financial assets arising during the year   | -                   | -                            | (4)   | (4)              | -                |
| Reclassification adjustments for gains and losses included in excess of revenue over expense | -                   | -                            | -   | -                | 3                |
| Balance at end of year   | <u>\$ 29,703</u>    | <u>\$ 20,486</u>             | <u>\$ (1)</u>   | <u>\$ 50,188</u> | <u>\$ 28,792</u> |

The accompanying notes and schedules are part of these financial statements.

**NORTHERN LIGHTS HEALTH REGION**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2009**  
(in thousands)

|  | 2009             |                  | 2008             |
|--|------------------|------------------|------------------|
|  | Budget           | Actual           | Actual           |
| Cash generated from (used by):   |                  |                  |                  |
| Operating activities:  |                  |                  |                  |
| Excess of revenue over expenses  | \$ 51            | \$ 18,976        | \$ 31,138        |
| Non-cash transactions:   |                  |                  |                  |
| Unrealized loss on investments   | -                | (4)              |                  |
| Amortization (Schedule 1)  | 10,204           | 7,373            | 7,322            |
| Amortized external capital contributions                                       | (8,155)          | (6,744)          | (6,468)          |
| Loss on Disposal of Capital Assets - Internal                                  | -                | 66               | -                |
| - External   | -                | 463              | -                |
| Changes in non-cash working capital account                                    | (1,087)          | 11,195           | 2,022            |
| Cash generated from operations   | <u>1,013</u>     | <u>31,325</u>    | <u>34,014</u>    |
| Investing activities:  |                  |                  |                  |
| Purchase of capital assets:  |                  |                  |                  |
| Internally funded - equipment  | (500)            | (4,443)          | (1,192)          |
| Internally funded - facility and improvements                                  | (15,790)         | (7,117)          | (2,474)          |
| Externally funded - equipment  | (2,000)          | (3,333)          | (5,787)          |
| Externally funded - facility and improvements                                  | (38,348)         | (13,381)         | (2,883)          |
| Allocations to (from) non-current cash, cash equivalents and investments       | 17,586           | 1,434            | (34,373)         |
| Allocations to (from) long term receivable                                     | (2,432)          | 68               | 3,307            |
| Increase (decrease) in long term portion of deferred non-capital contributions | (4)              | -                | 3                |
| Cash used by investing activities  | <u>(41,488)</u>  | <u>(26,772)</u>  | <u>(43,199)</u>  |
| Financing activities:  |                  |                  |                  |
| Capital contributions received   | 25,198           | 15,212           | 39,535           |
| Principal payments on bank loan  | -                | -                | (120)            |
| Cash generated from financing activities                                       | <u>25,198</u>    | <u>15,212</u>    | <u>39,415</u>    |
| Increase (decrease) in current cash, cash equivalents and investments          | (15,277)         | 19,765           | 30,230           |
| Current cash, cash equivalents and investments, beginning of year              | <u>32,784</u>    | <u>34,550</u>    | <u>4,320</u>     |
| Current cash, cash equivalents and investments, end of year                    | <u>\$ 17,507</u> | <u>\$ 54,315</u> | <u>\$ 34,550</u> |

The accompanying notes and schedules are part of these financial statements.

**NORTHERN LIGHTS HEALTH REGION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2009**  
(in thousands)

**Note 1 Authority, Purpose and Operations**

Northern Lights Health Region ("the Region") was established June 24, 1994 under the Alberta Regional Health Authorities Act, is a registered charity under the Income Tax Act and exempt from payment of income tax. Effective April 1, 2009 the Region will be disestablished and all the assets and liabilities will be transferred to Alberta Health Services (Note 16).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Region's operations include the following facilities and sites:

Northern Lights Regional Health Centre  
Northern Lights Public Health (Pt. McMurray)  
Northwest Health Centre  
St. Theresa General Hospital  
Rainbow Lake Health Centre  
La Crete Health Centre  
Paddle Prairie Health Centre  
Pt. Vermillion Health Centre  
Zama City Nursing Station  
La Crete Continuing Care Centre

The financial statements do not include the assets, liabilities and operations of private facilities providing health services in the region, except as disclosed in Note 14.

**Note 2 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

(1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.

(2) These financial statements were prepared on a consolidated basis and include the following:

Wood Buffalo Primary Care Network  
Northwest Primary Care Network

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

The Region uses the proportionate consolidation method to account for its 50 % interest in each of the listed Primary Care Networks.

**(3) These financial statements use the deferral method, key elements of which are:**

- (i) Unrestricted contributions are recognized as revenue in the year receivable.
- (ii) Restricted non-capital contributions are recognized as revenue in the year in which the related expenses are incurred.
- (iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.
- (iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.
- (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

**(b) Capital Disclosure**

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Region defines capital as including deferred capital contributions, unamortized external capital contributions, and investment in capital assets.

The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services; and

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since Alberta Health and Wellness does not fund ancillary operations.

**(c) Full cost**

The Region accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges and as the Region's contracted health service expense.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as they represent part of the Region's health program costs.
- (iii) Fair value to use acute care facilities not owned by the Region is recorded as other government contributions or donations, and as program expense, since the Region's contract payments do not include amounts for use of these facilities.
- (iv) Fair value to use non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Other assets, supplies and services a health region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(d) Employee Future Benefits**

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where there is insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. The Region's policy is for the plan to be fully funded based on the annual plan valuation. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. As at March 31, 2009 the plan is fully funded.

**(e) Investments**

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are expensed. The purchase and sale of investments are accounted for using trade-date accounting.

**(f) Financial Instruments**

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in their fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

The Region has classified its financial assets and financial liabilities as follows:

| <u>Financial Assets and Liabilities</u>       | <u>Classification</u>       |
|---|-----------------------------|
| Cash and cash equivalents                     | Held for trading            |
| Investments                                   | Available for sale          |
| Accounts receivable, contributions receivable | Loans and receivables       |
| Accounts payable and accrued liabilities      | Other financial liabilities |

The Region does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The carrying values of current cash and cash equivalents, accounts receivable, contributions receivable from Alberta Health and Wellness, and accounts payable approximate their fair value because of the short-term maturity of these items. It is management's opinion that the Region is not exposed to significant interest rate, currency, credit or market risks arising from its financial instruments.

**(g) Inventories**

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (defined as weighted average cost) and net realizable value.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(b) Capital Assets**

Capital assets and work in progress are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

|                            | <u>Useful Life</u> |
|----------------------------|--------------------|
| Buildings                  | 40 years           |
| Land improvements          | 20 years           |
| Building service equipment | 20 years           |
| Vehicles and equipment     | 5-20 years         |

Capital assets with unit costs less than five thousand dollars are expensed. Work in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

**(i) Measurement Uncertainty**

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Useful life of capital equipment, salary and vacation pay liabilities and the accrued benefit asset of the Supplementary Retirement Pension are subject to measurement uncertainty. Actual results could differ from estimates.

**Note 3 Cash, cash equivalents and investments**

|                                    | 2009                     |                  | 2008                     |                  |
|------------------------------------|--------------------------|------------------|--------------------------|------------------|
|                                    | <u>Fair Market Value</u> | <u>Cost</u>      | <u>Fair Market Value</u> | <u>Cost</u>      |
| Cash                               | \$ 55,730                | \$ 55,730        | \$ 57,915                | \$ 57,915        |
| Guaranteed Investment Certificates | 453                      | 453              | 152                      | 152              |
| Bankers Acceptance                 | 35,858                   | 35,859           | 15,643                   | 15,640           |
| <b>Total</b>                       | <b>\$ 92,041</b>         | <b>\$ 92,042</b> | <b>\$ 73,710</b>         | <b>\$ 73,707</b> |
| <b>Classified as:</b>              |                          |                  |                          |                  |
| Current                            | \$ 54,315                | \$ 54,316        | \$ 34,550                | \$ 34,547        |
| Non-Current                        | 37,726                   | 37,726           | 39,160                   | 39,160           |
| <b>Total cash and investments</b>  | <b>\$ 92,041</b>         | <b>\$ 92,042</b> | <b>\$ 73,710</b>         | <b>\$ 73,707</b> |

**Note 3 Cash, cash equivalents and investments (continued)**

- Guaranteed Investment Certificates maturing on September 3<sup>rd</sup>, 2009 are guaranteed by the Canada Deposit Insurance Corporation and bear interest at 4.14% paid annually. The effective yield for GIC's is 4.14%.
- To optimize returns at an acceptable risk level, management has established a policy asset mix of 100% for fixed-income instruments and 0% for equities. Risk is reduced through diversification.
- Fixed-income instruments are invested as follows:

|                          | <u>Weighting</u> | <u>Effective Yield</u> | <u>Maturity</u>   |
|--------------------------|------------------|------------------------|-------------------|
| Banker's Acceptance Note | 98.8%            | 0.43%                  | April 13, 2009    |
| GIC's                    | 1.2%             | 4.14%                  | September 3, 2009 |

Non-current cash and investments represent the following:

|  | <u>2009</u>      | <u>2008</u>      |
|--|------------------|------------------|
| Externally restricted for capital acquisition  | \$ 37,722        | \$39,224         |
| Less: Capital contributions receivable         | -                | (68)             |
| Externally restricted for specialized training | 4                | 4                |
|  | <u>\$ 37,726</u> | <u>\$ 39,160</u> |

**Note 4 Capital Assets**

|                            | <u>Cost</u>                          |                  |                  |                                       |
|----------------------------|--------------------------------------|------------------|------------------|---------------------------------------|
| <u>Capital Asset</u>       | <u>Opening Balance April 1, 2008</u> | <u>Additions</u> | <u>Disposals</u> | <u>Closing Balance March 31, 2009</u> |
| Land                       | \$ 1,100                             | \$ 2,424         | \$ -             | \$ 3,524                              |
| Site Improvements          | 5,116                                | 1,128            | 14               | 6,230                                 |
| Buildings                  | 97,046                               | 15,002           | 13               | 112,035                               |
| Building Service Equipment | 21,002                               | 1,603            | 99               | 22,506                                |
| Equipment                  | 39,703                               | 7,776            | 3,000            | 44,479                                |
| Construction in Progress   | 4,122                                | 341              | -                | 4,463                                 |
|                            | <u>\$ 168,089</u>                    | <u>\$ 28,274</u> | <u>\$ 3,126</u>  | <u>\$ 193,237</u>                     |



Note 4 Capital Assets (continued)

| Accumulated Amortization   |                                  |  |                                   |                        |                        |
|----------------------------|----------------------------------|--|-----------------------------------|------------------------|------------------------|
|                            | Opening Balance<br>April 1, 2008 | Current year<br>amortization net<br>of disposals | Closing Balance<br>March 31, 2009 | Net Book Value<br>2009 | Net Book Value<br>2008 |
| Land                       | \$ -                             | \$ -   | \$ -                              | \$ 3,524               | \$ 1,100               |
| Site Improvements          | 4,239                            | 98   | 4,337                             | 1,893                  | 877                    |
| Buildings                  | 42,165                           | 3,215  | 45,380                            | 66,655                 | 54,881                 |
| Building Service Equipment | 12,115                           | 782  | 12,897                            | 9,609                  | 8,887                  |
| Equipment                  | 23,670                           | 681  | 24,351                            | 20,128                 | 16,033                 |
| Construction in Progress   | -                                | -  | -                                 | 4,463                  | 4,122                  |
|                            | \$ 82,189                        | \$ 4,776   | \$ 86,965                         | \$ 106,272             | \$ 85,900              |

Capital assets were funded from the following sources:

|  | 2009              | 2008             |
|--|-------------------|------------------|
| Externally funded (unamortized external capital contributions) | \$85,786          | \$78,240         |
| Internally funded (invested in capital assets)                 | 20,486            | 7,660            |
|  | <u>\$ 106,272</u> | <u>\$ 85,900</u> |

Note 5 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

|  | 2009            | 2008            |
|--|-----------------|-----------------|
| Current  | \$ 330          | \$ 774          |
| Restricted Specialist On Call                        | 553             | 560             |
| Restricted Continuing Care Initiatives               | 155             | 371             |
| Restricted MHIF ACT Program                          | 482             | 397             |
| Restricted Healthy Weights Initiatives               | 117             | 241             |
| Restricted Innovation Immunization Fund              | 50              | 76              |
| Restricted Telehealth                                | 23              | 196             |
| Restricted MHIF Mental Wellness/ Addictions Training | 44              | 116             |
| Restricted Ground Ambulance                          | 134             | 104             |
| Restricted Alberta Telestroke Program                | -               | 49              |
| Restricted Young Family Wellness                     | 61              | 79              |
| Restricted Telehome Care                             | -               | 6               |
| Restricted EHR Client Registry Transition Support    | 26              | 43              |
| Restricted Rainbow Lake Clinical Telehealth          | -               | 233             |
| Restricted Nurse Health                              | 645             | 645             |
| Pandemic Supplies                                    | 93              | 160             |
| Restricted Alberta Health - Other                    | 468             | -               |
| RSHIP  | 144             | -               |
| Modified Work Program                                | 44              | 61              |
| Children's Mental Health                             | 1,218           | 992             |
| Alberta Stroke Strategy                              | 354             | 120             |
| AB Telehealth Initiative                             | 69              | 136             |
| Cardiac Access - Wait Time Management                | 37              | 62              |
| Drinking Water Systems                               | 54              | 28              |
| HCA - In Service Training                            | 259             | 259             |
| Colorectal Cancer Screening                          | 312             | 105             |
| Hip & Knee Replacement                               | 118             | 119             |
| Back & Spine Care                                    | 6               | 64              |
| Woman Wellness                                       | 504             | 649             |
| Wood Buffalo Primary Care Network                    | 327             | -               |
| Northwest Primary Care Network                       | 139             | 206             |
| Restricted - Other                                   | <u>\$ 6,766</u> | <u>\$ 6,831</u> |
|  | 4               | 4               |
| Non-current  | <u>\$ 6,770</u> | <u>\$ 6,835</u> |
| Total  |                 |                 |

Note 6 Deferred Capital Contributions

The balance at the end of the year is restricted for the following purposes:

|                               | 2009             | 2008             |
|-------------------------------|------------------|------------------|
| Equipment replacement         | \$ -             | \$ 65            |
| Improvement of capital assets | 12,060           | 13,180           |
| New construction              | 25,662           | 25,979           |
|                               | <u>\$ 37,722</u> | <u>\$ 39,224</u> |

# **Note 7 Long-Term Employee Benefits**

## **(a) Supplementary Retirement Plan**

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. For further discussion, see Note 2(d). The Region provides a defined benefit Supplementary Retirement Plan to senior executives (SRP). SRP is fully funded as at March 31, 2009. Information related to the SRP defined benefit plan, based on actuarial estimations as at March 31, 2009 is as follows:

|   | 2009          | 2008          |
|---|---------------|---------------|
| <b>Accrued benefit obligation</b>   |               |               |
| Accrued benefit obligation, beginning of year                               | \$ 527        | \$ 399        |
| Current service cost  | 44            | 62            |
| Interest cost   | 29            | 24            |
| Actuarial loss (gain)   | (25)          | 48            |
| Benefit payments  | (19)          | (6)           |
| Accrued obligation, end of year   | <u>\$ 556</u> | <u>\$ 527</u> |
| <b>Reconciliation of funded status of accrued benefit asset / liability</b> |               |               |
| Funded status of plan (deficit)   | 43            | (65)          |
| Unrecognized actuarial loss   | 106           | 126           |
| Unrecognized initial obligation   | 142           | 161           |
| Accrued benefit asset (liability)   | <u>\$ 291</u> | <u>\$ 222</u> |
| Current service cost  | 44            | 62            |
| Interest cost   | 29            | 24            |
| Actual return on assets   | 3             | (6)           |
| Amortization of prior service costs   | 18            | 18            |
| Actuarial loss (gain) in year   | (25)          | 48            |
| Difference between expected and actual return on assets                     | (17)          | (5)           |
| Difference between recognized and actual actuarial loss (gain) in year      | 37            | (42)          |
| Benefit cost  | <u>\$ 89</u>  | <u>\$ 99</u>  |
| <b>Significant actuarial assumptions are as follows:</b>                    |               |               |
| Discount rate   | 6.20%         | 5.20%         |
| Expected average remaining service life of employees                        | 12 years      | 12 years      |
| Salary increase   | 4.00%         | 3.50%         |

The above information is based on the actuarial valuation performed as at March 31, 2009.

|   |               |                |
|---|---------------|----------------|
| <b>Plan Assets (held by trustee)</b>                      |               |                |
| Employer contributions - fair value of assets at March 31 | 283           | 230            |
| <b>Plan Assets (held by Canada Revenue Agency)</b>        |               |                |
| Employer contributions paid as refundable taxes           | 316           | 232            |
| Total plan assets   | <u>\$ 599</u> | <u>\$ 462</u>  |
| Funded status of the plan                                 | <u>\$ 43</u>  | <u>\$ (65)</u> |

# **Note 7 Long-Term Employee Benefits (continued)**

## **(b) Pension Expense**

Pension expense in these financial statements is equal to the Region's annual contributions payable and is comprised of the following:

|                                    | 2009            | 2008            |
|------------------------------------|-----------------|-----------------|
| Local Authorities Pension Plan     | \$ 4,736        | \$ 3,300        |
| Defined contribution pension plans | 166             | 134             |
| Supplementary Retirement Plan      | 44              | 62              |
|                                    | <u>\$ 4,946</u> | <u>\$ 3,496</u> |

At December 31, 2008 the Local Authorities Pension Plan reported a deficiency of \$4,413,971, (2007 deficiency of \$1,183,334).

# **Note 8 Commitments and Contingencies**

## **a) Commitments**

The Region is committed under contracts for service contracts, capital construction and leases until 2017 for the following payments:

| Year       | Amount           |
|------------|------------------|
| 2010       | \$ 6,359         |
| 2011       | 1,908            |
| 2012       | 1,266            |
| 2013       | 759              |
| 2014       | 360              |
| Thereafter | 419              |
|            | <u>\$ 11,071</u> |

## **b) Legal**

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to pending litigation, the Region believes there will be no material adverse effect on the financial position of the Region.

**Note 9 Budget**

The budget was approved by senior management and submitted to the Minister of Health and Wellness on June 4, 2008.

**Note 10 Alberta Health and Wellness Contributions**

|                                       | 2009              | 2008              |
|---------------------------------------|-------------------|-------------------|
| Unrestricted contributions            | \$ 147,817        | \$ 139,451        |
| Transfers from deferred contributions | 5,484             | 3,660             |
|                                       | <u>\$ 153,301</u> | <u>\$ 143,111</u> |

**Note 11 Other Government Contributions**

|  | 2009            | 2008            |
|--|-----------------|-----------------|
| Alberta Government   |                 |                 |
| Transfers from deferred contributions                      | \$ 1,042        | \$ 1,173        |
| Transition grant from East Central Health Region (Note 17) | 608             |                 |
| Other Government   | 1,650           | 1,348           |
|  | <u>\$ 3,300</u> | <u>\$ 2,521</u> |

**Note 12 Ancillary Operations**

|                            | 2009            |                 |                      |   | 2008            |                 |                      |   |
|----------------------------|-----------------|-----------------|----------------------|---|-----------------|-----------------|----------------------|---|
|                            | Revenue         | Direct Expenses | Amortization Expense | Excess (Deficiency) of Revenue over Expense | Revenue         | Direct Expenses | Amortization Expense | Excess (Deficiency) of Revenue over Expense |
| Parking operations         | \$ 288          | \$ -            | \$ -                 | \$ 288                                      | \$ 279          | \$ 173          |                      |   |
| Non-patient food services  | 629             | 610             | -                    | 19  | 567             | 2               |                      |   |
| Sale of goods and services | 367             | 280             | -                    | 87  | 208             | (21)            |                      |   |
| Rental operations          | 403             | 276             | 54                   | 73  | 161             | (427)           |                      |   |
| Other                      | 2               | 671             | -                    | (669)                                       | 4               | (460)           |                      |   |
| Total                      | <u>\$ 1,689</u> | <u>\$ 1,837</u> | <u>\$ 54</u>         | <u>\$ (202)</u>                             | <u>\$ 1,219</u> | <u>\$ (631)</u> |                      |   |

Ancillary expenses are reported as support services in the Statement of Operations.

**Note 13 Investment and other income**

|                                       | 2009            | 2008            |
|---------------------------------------|-----------------|-----------------|
| Investment income                     | \$ 1,035        | \$ 1,063        |
| Transfers from deferred contributions | 111             | 92              |
| Other income:                         |                 |                 |
| Immunization recoveries               | 114             | 106             |
| Other recoveries                      | 1,325           | 1,405           |
|                                       | <u>\$ 2,585</u> | <u>\$ 2,666</u> |

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains on disposal of investments.

**Note 14 Related Parties****(a) Province of Alberta and Health Regions**

The Minister of Health and Wellness appoints members of the Alberta Health Services Board. The Board is economically dependent on the Ministry of Health and Wellness since the viability of its operations depends on contributions from the Ministry.

The Region had the following transactions with other health regions recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

|  | 2009     |          |            |         | 2008    |         |            |         |
|--|----------|----------|------------|---------|---------|---------|------------|---------|
|  | Revenue  | Expense  | Receivable | Payable | Revenue | Expense | Receivable | Payable |
| Other regional health authorities and provincial health boards | \$ 1,067 | \$ 1,291 | \$ 1,601   | \$ 99   | \$ 270  | \$ 123  | \$ 1,149   | \$ 343  |

**(b) Regional Shared Health Information Program (RSHIP)**

The seven non-metro health regions:

|                               |                                   |
|-------------------------------|-----------------------------------|
| David Thompson Health Region  | Chisook Regional Health Authority |
| Peace Country Health Region   | East Central Health Region        |
| Aspen Health Region           | Palliser Health Region            |
| Northern Lights Health Region |                                   |

have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

Note 14 Related Parties (continued)

|                            | 2009          | 2008            |
|----------------------------|---------------|-----------------|
| AHW Funding                | \$ 462        | \$ 473          |
| Health Region contribution | 432           | 538             |
| Total                      | <u>\$ 894</u> | <u>\$ 1,011</u> |
| Reported as follows:       |               |                 |
| Expenses                   | \$ 863        | \$ 1,011        |
| Capital assets             | 31            | -               |
| Total                      | <u>\$ 894</u> | <u>\$ 1,011</u> |

(c) Primary Care Networks

The Region's share of the Wood Buffalo & Northwest Primary Care Network is included in the financial statements under the proportionate consolidation method.

|                               | Region's 50 % share |               |
|-------------------------------|---------------------|---------------|
|                               | 2009                | 2008          |
| Opening Balance               | \$ 649              | \$ 644        |
| Contributions from AHW        | 1,100               | 900           |
| Amounts recognized as revenue | (918)               | (895)         |
| Amounts deferred              | <u>\$ 831</u>       | <u>\$ 649</u> |

(d) Foundations

The following controlled foundations are not consolidated in these statements:

**Northern Lights Regional Health Foundation** – The Region significantly influences the Northern Lights Regional Health Foundation through its representation on the Board of Directors.

|                                | 2009            | 2008            |
|--------------------------------|-----------------|-----------------|
| Assets                         | \$ 4,522        | \$ 3,746        |
| Liabilities                    | 3,178           | 1,576           |
| Net assets                     | <u>\$ 1,344</u> | <u>\$ 2,170</u> |
| Revenue                        | \$ 2,313        | \$ 5,099        |
| Expenses                       | 1,382           | 4,569           |
| Excess of revenue over expense | <u>\$ 931</u>   | <u>\$ 490</u>   |

Note 14 Related Parties (continued)

**Northwest Health Foundation** – The Region significantly influences the Northwest Health Foundation through its representation on the Board of Directors.

|                                | 2009         | 2008         |
|--------------------------------|--------------|--------------|
| Assets                         | \$ 84        | \$ 22        |
| Liabilities                    | 45           | 1            |
| Net assets                     | <u>\$ 39</u> | <u>\$ 21</u> |
| Revenue                        | \$ 147       | \$ 28        |
| Expenses                       | 124          | 25           |
| Excess of revenue over expense | <u>\$ 23</u> | <u>\$ 3</u>  |

|  | Contributions received by Health Region<br>Year ended March 31 |                 | Resources held by Foundation<br>At March 31, 2009 |                 |
|--|--|-----------------|---|-----------------|
|  | 2009   | 2008            | Externally Restricted                             | Unrestricted    |
| Northern Lights Regional Health Foundation | \$ 691   | \$ 3,705        | \$ 1,243  | \$ 3,178        |
| Northwest Health Foundation                | 45   | -               | 1   | 38              |
| Net assets                                 | <u>\$ 736</u>  | <u>\$ 3,705</u> | <u>\$ 1,244</u>                                   | <u>\$ 3,216</u> |

Resources of the Northern Lights Regional Health Foundation amounting to \$1,243 have been restricted for the exclusive use within the Regional Municipality of Wood Buffalo.

(e) Contracts with Health Service Providers

The Region has an economic interest through its contracts with private health service providers in the region. Funding was provided as follows:

|                       | 2009            | 2008           |
|-----------------------|-----------------|----------------|
| Direct Region funding | \$10,132        | \$7,627        |
| Direct AHW funding    | 233             | 58             |
| Fees and charges      | -               | -              |
| Full cost adjustments | -               | -              |
| Total                 | <u>\$10,365</u> | <u>\$7,685</u> |

**Note 15 Trust Funds**

The Region receives funds in trust from Continuing Care residents for Continuing Care accommodation fees and incidental costs. These amounts are not reported in the statements. At March 31, 2009, the balance of funds held by the Region is \$144.

**Note 16 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board and Alberta Alcohol and Drug Abuse Commission. Effective April 1, 2009, all the entities including the Region but excluding East Central Health will be diestablished and all the assets, liabilities, rights and obligations of these entities including the Region will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

**Note 17 Transition Costs**

As at March 31, 2009, the Region recorded transition costs and restructuring charges in the Statement of Operations. The charges consist of severance costs and termination benefits, professional services, consulting costs and other applicable transition expenses. In the Statement of Operations, these charges are included in Administration, Support Services and Information Technology.

|                                | Severance-<br>Related<br>Charges | Other<br>Charges | Total  |
|--------------------------------|----------------------------------|------------------|--------|
| (thousands of dollars)         |                                  |                  |        |
| Liability as at March 31, 2008 | \$ -                             | \$ -             | \$ -   |
| Restructuring charges          | 573                              | 35               | 608    |
| Payments made during the year  | ( 573)                           | (35)             | ( 608) |
| Liability as at March 31, 2009 | \$ -                             | \$ -             | \$ -   |

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of Alberta Health Services transitioning and the Region has recorded a receivable from East Central Health for the transitioning cost incurred as described above.

**Note 18 Comparative Figures**

Certain 2009 figures have been reclassified to match their 2008 presentation.

**Note 19 Approval of Financial Statements**

These financial statements have been approved by the Alberta Health Services Board.

**NORTHERN LIGHTS HEALTH REGION**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**For the Year Ended March 31, 2009**  
(In thousands)

**Schedule 1**

|   | 2009              |                   | 2008              |
|---|-------------------|-------------------|-------------------|
|   | Budget            | Actual            | Actual            |
| Salaries and benefits (Schedule 2)                    | \$ 106,337        | \$ 94,035         | \$ 82,420         |
| Contracts with health service providers (Note 14 (e)) | 10,240            | 10,365            | 7,685             |
| Drugs and gases                                       | 1,848             | 1,652             | 1,670             |
| Medical and surgical supplies                         | 3,364             | 3,358             | 3,095             |
| Other contracted services                             | 13,227            | 17,477            | 11,933            |
| Other *   | 32,197            | 27,053            | 21,019            |
| Amortization:   |                   |                   |                   |
| Capital equipment - internally funded                 | 871               | 857               | 707               |
| Capital equipment - externally funded                 | 3,286             | 2,366             | 2,614             |
| Facilities and improvements - internally funded       | 887               | 235               | 147               |
| Facilities and improvements - externally funded       | 5,160             | 3,915             | 3,854             |
| Capital assets disposal - internally funded           | -                 | 66                | -                 |
| Capital assets disposal - externally funded           | -                 | 463               | -                 |
|   | <u>\$ 179,417</u> | <u>\$ 161,842</u> | <u>\$ 135,144</u> |
| * Other include:                                      |                   |                   |                   |
| Utilities   | \$ 2,677          | \$ 2,655          | \$ 2,404          |
| Equipment/Software Maintenance                        | 2,348             | 3,602             | 1,628             |
| Recruitment/Relocation/Retention of Staff Physicians  | 5,772             | 2,892             | 1,901             |
| Travel  | 2,259             | 2,477             | 1,744             |
| Minor Equipment                                       | 1,183             | 4,168             | 1,916             |
| Food Supplies   | 1,000             | 1,034             | 970               |
| Education   | 1,411             | 994               | 1,131             |
| Maintenance - Buildings and Grounds                   | 1,584             | 1,832             | 2,543             |
| General Office Supplies                               | 4,552             | 4,236             | 3,214             |
| Other   | 9,411             | 3,163             | 3,568             |
|   | <u>\$ 32,197</u>  | <u>\$ 27,053</u>  | <u>\$ 21,019</u>  |

**NORTHERN LIGHTS HEALTH REGION**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**March 31, 2009**  
(In thousands)

**Schedule 2**

|  | 2009                          |                            |                                    |                                    |                          |           |                               | 2008      |           |
|--|-------------------------------|----------------------------|------------------------------------|------------------------------------|--------------------------|-----------|-------------------------------|-----------|-----------|
|  | Number of FTEs <sup>(1)</sup> | Base Salary <sup>(2)</sup> | Other Cash Benefits <sup>(3)</sup> | Other Cash Benefits <sup>(4)</sup> | Flex-Plan <sup>(5)</sup> | Sub-Total | Number of FTEs <sup>(1)</sup> | Amount    | Total     |
| <b>Board Chair (1)</b>                             |                               |                            |                                    |                                    |                          |           |                               |           |           |
| Don Hughes - AMB                                   | 0.01                          | -                          | -                                  | -                                  | -                        | -         | 0.01                          | -         | -         |
| Finance, AMB                                       | 0.03                          | -                          | 13                                 | -                                  | -                        | 13        | 1.0                           | 1.0       | 08        |
| <b>Board Members (7)</b>                           |                               |                            |                                    |                                    |                          |           |                               |           |           |
| Jack Ayle - AMB                                    | 0.05                          | -                          | -                                  | -                                  | -                        | -         | 0.05                          | -         | -         |
| Pamela Connolly - AMB                              | 0.01                          | -                          | -                                  | -                                  | -                        | -         | 0.01                          | -         | -         |
| Catherine Pearson - AMB                            | 0.03                          | -                          | -                                  | -                                  | -                        | -         | 0.03                          | -         | -         |
| Linda Hahnel - AMB                                 | 0.08                          | -                          | -                                  | -                                  | -                        | -         | 0.08                          | -         | -         |
| John Lefebvre - AMB                                | 0.05                          | -                          | -                                  | -                                  | -                        | -         | 0.05                          | -         | -         |
| Jana Landa - AMB                                   | 0.08                          | -                          | -                                  | -                                  | -                        | -         | 0.08                          | -         | -         |
| Don Stuker - AMB                                   | 0.08                          | -                          | -                                  | -                                  | -                        | -         | 0.08                          | -         | -         |
| Lori Andrichuk - AMB                               | 0.03                          | -                          | -                                  | -                                  | -                        | -         | 0.03                          | -         | -         |
| Gard Stedie - AMB                                  | 0.03                          | -                          | -                                  | -                                  | -                        | -         | 0.03                          | -         | -         |
| Tori Lynn Brough - AMB                             | 0.03                          | -                          | -                                  | -                                  | -                        | -         | 0.03                          | -         | -         |
| Jim Gilbert - AMB                                  | 0.03                          | -                          | -                                  | -                                  | -                        | -         | 0.03                          | -         | -         |
| Beverly Connolly - AMB                             | 0.03                          | -                          | -                                  | -                                  | -                        | -         | 0.03                          | -         | -         |
| Terry Friesenweide - AMB                           | 0.03                          | -                          | -                                  | -                                  | -                        | -         | 0.03                          | -         | -         |
| Andrew Laupacis - AMB                              | 0.03                          | -                          | -                                  | -                                  | -                        | -         | 0.03                          | -         | -         |
| David Whelan - AMB                                 | 0.03                          | -                          | -                                  | -                                  | -                        | -         | 0.03                          | -         | -         |
| Total Board  | 0.12                          | -                          | 8                                  | -                                  | -                        | 8         | 1.0                           | 1.0       | 23        |
| Don Hughes - AMB                                   | -                             | -                          | -                                  | -                                  | -                        | -         | -                             | -         | -         |
| Cory Chordoba                                      | -                             | -                          | -                                  | -                                  | -                        | -         | -                             | -         | -         |
| John Ellis   | 0.12                          | -                          | 3                                  | -                                  | -                        | 3         | 1.0                           | 1.0       | 9         |
| Sylvia Kennedy                                     | 0.12                          | -                          | 8                                  | -                                  | -                        | 8         | 1.0                           | 1.0       | 18        |
| Margaret Macdonald                                 | -                             | -                          | -                                  | -                                  | -                        | -         | -                             | -         | -         |
| Norman McVicar                                     | 0.12                          | -                          | 3                                  | -                                  | -                        | 3         | 1.0                           | 1.0       | 11        |
| Paul McWilliams                                    | 0.12                          | -                          | 4                                  | -                                  | -                        | 4         | 1.0                           | 1.0       | 17        |
| Steven Strickland                                  | 0.12                          | -                          | 3                                  | -                                  | -                        | 3         | 1.0                           | 1.0       | 11        |
| Clara Roper  | 0.12                          | -                          | 2                                  | -                                  | -                        | 2         | 1.0                           | 1.0       | 16        |
| David Whelan                                       | 0.12                          | -                          | 6                                  | -                                  | -                        | 6         | 1.0                           | 1.0       | 17        |
| Sub-total  | 0.84                          | -                          | 48                                 | -                                  | -                        | 48        | 7.0                           | 7.0       | 203       |
| <b>Board Secretaries (2)</b>                       |                               |                            |                                    |                                    |                          |           |                               |           |           |
| President and Chief Executive Officer - AMB (10)   | 0.02                          | -                          | -                                  | -                                  | -                        | -         | 0.02                          | -         | -         |
| Deputy Chief Executive Officer - AMB (10)          | 0.06                          | -                          | -                                  | -                                  | -                        | -         | 0.06                          | -         | -         |
| Chief Executive Officer - AMB (10)                 | 0.27                          | 81                         | 88                                 | 48                                 | 189                      | 306       | 1.0                           | 306       | 306       |
| Vice President Medical Services *                  | 1.20                          | 689                        | -                                  | -                                  | 689                      | 689       | 0.5                           | 689       | 223       |
| Medical Officer of Health *                        | 1.80                          | 394                        | -                                  | -                                  | 394                      | 394       | 0.5                           | 394       | 394       |
| <b>CBO Direct Reports (7)</b>                      |                               |                            |                                    |                                    |                          |           |                               |           |           |
| Chief Operating Officer                            | 1.00                          | 330                        | -                                  | 45                                 | 285                      | 380       | 1.0                           | 380       | 380       |
| VP Corporate Services & HR (11)                    | 1.00                          | 199                        | -                                  | 48                                 | 247                      | 346       | 0.9                           | 346       | 189       |
| VP Business Development                            | 1.00                          | 170                        | -                                  | 35                                 | 205                      | 303       | 0.8                           | 303       | 189       |
| Chief Information Systems Officer                  | 1.00                          | 106                        | -                                  | 30                                 | 136                      | 234       | 0.8                           | 234       | 139       |
| Director, Communications                           | 1.00                          | 143                        | -                                  | 23                                 | 166                      | 269       | 1.0                           | 269       | 146       |
| Director, Procurement                              | 0.50                          | 88                         | -                                  | 13                                 | 101                      | 150       | 0.5                           | 150       | 125       |
| Other management reporting directly to these above | 6.95                          | 1,013                      | -                                  | 130                                | 1,143                    | 1,322     | 5.0                           | 1,322     | 1,000     |
| <b>Other management</b>                            |                               |                            |                                    |                                    |                          |           |                               |           |           |
| Medical services not included above                | 70.10                         | 7,861                      | 229                                | 1,219                              | 9,309                    | 9,309     | 55.0                          | 9,309     | 6,888     |
| Registered nurses not included above               | -                             | -                          | -                                  | -                                  | -                        | -         | -                             | -         | -         |
| - 10th, Reg. Phys. Assist. and other               | 220.07                        | 21,146                     | 3,018                              | 3,889                              | 27,053                   | 27,053    | 202.0                         | 27,053    | 21,511    |
| - 12th   | 73.13                         | 4,337                      | 389                                | 679                                | 5,375                    | 5,375     | 46.0                          | 5,375     | 4,568     |
| Other health included at professional              | 136.95                        | 11,524                     | 1,094                              | 2,363                              | 14,981                   | 14,981    | 108.1                         | 14,981    | 12,134    |
| Unassigned health service providers                | 189.01                        | 5,402                      | 198                                | 963                                | 6,463                    | 6,463     | 115.6                         | 6,463     | 5,408     |
| Other staff  | 376.08                        | 20,389                     | 1,238                              | 3,486                              | 25,113                   | 25,113    | 250.7                         | 25,113    | 20,008    |
| Total Staff Compensation                           | 1,011.45                      | 74,163                     | 6,147                              | 12,672                             | 93,982                   | 93,982    | 700.5                         | 93,982    | 72,213    |
| <b>Grand Total</b>                                 |                               |                            |                                    |                                    |                          |           |                               |           |           |
|  | 1,884.29                      | \$ 74,163                  | \$ 6,147                           | \$ 12,672                          | \$ 93,982                | \$ 93,982 | 1,401.5                       | \$ 93,982 | \$ 72,213 |

\* Both of these positions are contracted



**NORTHERN LIGHTS HEALTH REGION  
SCHEDULE OF SALARIES AND BENEFITS  
March 31, 2009**

Schedule 2 (continued)

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full time employee.  
Total actual discrete number of individuals employed: 1438 (2008 - 1365). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
  - a. Employer's current and prior service cost of supplementary retirement plans per note (6) below.
  - b. Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition and:
  - c. Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships:
- (5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (6) Supplementary Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SERP provides future pension benefits to participants based on years of service and earnings.

**SUPPLEMENTARY RETIREMENT BENEFITS**

|                                   | 2009         |             |               | 2008     |
|-----------------------------------|--------------|-------------|---------------|----------|
|                                   | Current      | Prior       |               | Total    |
|                                   | Service Cost | Other Costs | Total         |          |
| Chief Executive Officer           | \$ 10,531    | \$ 28,499   | \$ 39,030     | \$63,969 |
| Chief Operating Officer           | 10,998       | 3,868       | 14,866        | 6,635    |
| Chief Integration/Liaison Officer | 3,156        | 249         | 3,405         | 1,080    |
| VP Health Services East           | 277          | 3,310       | 3,587         | 6,404    |
| VP Health Services West           | 6,156        | 2,054       | 8,210         | 4,711    |
| VP Corporate Services             | 8,704        | 6,381       | 15,085        | 12,809   |
| VP Human Resources                | 4,305        | 273         | 4,578         | 3,560    |
|                                   |              |             | <u>88,761</u> |          |

The accrued obligation for each executive under the SRP is outlined in the following table:

|                                   | Accrued obligation March 31, 2008 | Change in accrued obligation | Accrued obligation March 31, 2009 |
|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Chief Executive Officer           | \$ 324,113                        | \$ (3,681)                   | \$320,432                         |
| Chief Operating Officer           | 75,153                            | 11,508                       | 86,661                            |
| Chief Integration/Liaison Officer | 4,401                             | 7,127                        | 11,528                            |
| VP Health Services East           | 25,233                            | (3,413)                      | 21,820                            |
| VP Health Services West           | 27,932                            | 6,319                        | 34,251                            |
| VP Corporate Services             | 66,503                            | 3,427                        | 69,930                            |
| VP Human Resources                | 3,560                             | 7,441                        | 11,001                            |

- (7) On May 15, 2008, the Region's board, along with the other regional health authority boards, was replaced by the Alberta Health Services ("AHS") interim board. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- (8) Board Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- (9) CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008.
- (10) On July 8, 2008 the Region's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- (11) Effective February 25, 2009 the VP Corporate Services & CFO held a dual role as Chief Risk Officer for AHS. Costs incurred are reported in the accounts of the Region.

(12) Severance for CEO included \$1,673 Legal Fees and \$8,500 Outplacement Costs. In addition a SERP pension of \$682/month for life is being paid.

(13) Automobile provided. No dollar amount included in other non-cash benefits.

**ALBERTA MENTAL HEALTH BOARD**

**FINANCIAL STATEMENTS**

**MARCH 31, 2009**

Statement of Management Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 – Schedule of Salaries and Benefits

Schedule 3 – Schedule of Contract Service Operators

**ALBERTA MENTAL HEALTH BOARD**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

**FINANCIAL STATEMENTS**

**MARCH 31, 2009**

The accompanying financial statements are the responsibility of management and have been approved by Senior Management of the Alberta Mental Health Board. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge his responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Alberta Mental Health Board has also established a code of conduct that applies to all employees.

Alberta Mental Health Board members carry out its responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Board of Alberta Health Services for approval upon finalization of the audit. The Auditor General of Alberta has full and free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allows him to report on the fairness of the financial statements prepared by management.

[Original signed]  
Dr. Stephen Duckert\*

*President and  
Chief Executive Officer*

[Original signed]  
Chris Mazurkewich\*

*Chief Financial Officer,  
Alberta Health Services*

[Original signed]  
Todd Schirmer\*

*Chief Financial Officer,  
Alberta Mental Health Board*



## Auditor's Report

To the Members of the Alberta Health Services Board  
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Mental Health Board (the Board) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

## ALBERTA MENTAL HEALTH BOARD STATEMENT OF FINANCIAL POSITION

March 31, 2009  
(thousands of dollars)

|   | 2009              | 2008              |
|---|-------------------|-------------------|
| <b>ASSETS</b>   |                   |                   |
| Current:  |                   |                   |
| Cash, cash equivalents and investments (Note 3)             | \$ 37,235         | \$ 14,299         |
| Accounts receivable (Note 18)                               | 1,699             | 3,374             |
| Contributions receivable from Alberta Health and Wellness   | 48                | 71,010            |
| Inventories   | 159               | 157               |
| Prepaid expenses  | 917               | 1,013             |
|   | <u>40,018</u>     | <u>89,813</u>     |
| Non-current cash, cash equivalents and investments (Note 3) | 79,324            | 27,089            |
| Capital assets (Note 4)                                     | 589               | 878               |
| Other assets (Note 5 and 18)                                | 98                | 1,476             |
| <b>TOTAL ASSETS</b>   | <b>\$ 120,029</b> | <b>\$ 119,256</b> |
| <b>LIABILITIES AND NET ASSETS</b>                           |                   |                   |
| Current:  |                   |                   |
| Accounts payable and accrued liabilities                    | \$ 3,589          | \$ 4,194          |
| Accrued vacation pay  | 261               | 288               |
| Deferred contributions (Note 6)                             | <u>28,240</u>     | <u>17,061</u>     |
|   | 32,090            | 21,543            |
| Deferred contributions (Note 6)                             | 79,546            | 83,735            |
| Long-term employee benefit (Note 7)                         | 38                | 14                |
| Unamortized external capital contributions                  | -                 | 3                 |
|   | <u>111,674</u>    | <u>105,295</u>    |
| Net assets:   |                   |                   |
| Unrestricted (Note 8)                                       | 10,482            | 2,781             |
| Internally restricted (Note 8)                              | -                 | 9,925             |
| Cumulative net unrealized (losses) gains on investments     | <u>(2,716)</u>    | <u>380</u>        |
| Accumulated surplus   | 7,766             | 13,086            |
| Investment in capital assets                                | 589               | 875               |
|   | <u>8,355</u>      | <u>13,961</u>     |
| Commitments (Note 9)  |                   |                   |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                     | <b>\$ 120,029</b> | <b>\$ 119,256</b> |

The accompanying notes and schedules are part of these financial statements.

**ALBERTA MENTAL HEALTH BOARD**  
**STATEMENT OF OPERATIONS**  
**Year Ended March 31, 2009**  
(thousands of dollars)

|  | 2009                |                   | 2008            |
|--|---------------------|-------------------|-----------------|
|  | Budget<br>(Note 10) | Actual            | Actual          |
| <b>Revenues</b>                                      |                     |                   |                 |
| Alberta Health and Wellness contributions (Note 11)  | \$ 84,267           | \$ 70,826         | \$ 62,066       |
| Other government contributions (Note 12)             | 615                 | 2,710             | 211             |
| Donations  | 25                  | 30                | 27              |
| Investment and other income (Note 13)                | 1,932               | 203               | 1,248           |
| Amortized external capital contributions             | 3                   | 3                 | 15              |
| <b>TOTAL REVENUES</b>                                | <b>86,842</b>       | <b>73,772</b>     | <b>63,567</b>   |
| <b>Expenses (Schedule 1)</b>                         |                     |                   |                 |
| Inpatient acute nursing services                     | 18,675              | 18,631            | 16,296          |
| Emergency and outpatient services                    | 8,111               | 8,113             | 6,883           |
| Community-based care                                 | 13,369              | 6,051             | 5,708           |
| Diagnostic and therapeutic services                  | 13,578              | 11,705            | 9,506           |
| Promotion, prevention and protection services        | 15,192              | 12,086            | 6,922           |
| Research and education                               | 2,080               | 1,697             | 1,617           |
| Administration (Note 14)                             | 7,757               | 7,543             | 5,802           |
| Information technology                               | 714                 | 706               | 698             |
| Support services (Note 15)                           | 9,699               | 9,666             | 8,530           |
| Amortization of facilities and improvements          | 84                  | 84                | 64              |
| <b>TOTAL EXPENSES</b>                                | <b>89,259</b>       | <b>76,282</b>     | <b>62,026</b>   |
| <b>(Deficiency) excess of revenues over expenses</b> | <b>\$ (2,417)</b>   | <b>\$ (2,510)</b> | <b>\$ 1,541</b> |

The accompanying notes and schedules are part of these financial statements.

**STATEMENT OF CHANGES IN NET ASSETS**

**Year Ended March 31, 2009**

(thousands of dollars)

|  | 2009                     |                          |                                 |  |                 | 2008             |
|--|--------------------------|--------------------------|---------------------------------|--|-----------------|------------------|
|  | Unrestricted<br>(Note 8) | Internally<br>Restricted | Investment in<br>capital assets | Cumulative net<br>unrealized<br>gains/(losses) on<br>investments | Total           | Total            |
| Balance at April 1, 2008   | \$ 2,781                 | \$ 9,925                 | \$ 875                          | \$ 380   | \$ 13,961       | \$ 12,117        |
| (Deficiency) excess of revenues over expenses  | (2,510)                  | -                        | -                               | -  | (2,510)         | 1,541            |
| Capital assets purchased with internal funds   | (36)                     | -                        | 36                              | -  | -               | -                |
| Disposal of capital assets   | 82                       | -                        | (82)                            | -  | -               | -                |
| Amortization of internally funded capital assets   | 240                      | -                        | (240)                           | -  | -               | -                |
| Cumulative net unrealized gains/(losses) on investments  |                          |                          |                                 |  |                 |                  |
| - Unrealized gains and losses on available for sale<br>financial assets arising during the year                  | -                        | -                        | -                               | (4,008)  | (4,008)         | 312              |
| - Reclassification adjustments for gains and losses<br>included in (deficiency) excess of revenues over expenses | -                        | -                        | -                               | 912  | 912             | (9)              |
| Transfer of internally restricted to unrestricted  | 9,925                    | (9,925)                  | -                               | -  | -               | -                |
| Balance at end of year   | <u>\$ 10,482</u>         | <u>\$ -</u>              | <u>\$ 589</u>                   | <u>\$ (2,716)</u>  | <u>\$ 8,355</u> | <u>\$ 13,961</u> |

The accompanying notes and schedules are part of these financial statements.



**ALBERTA MENTAL HEALTH BOARD**  
**STATEMENT OF CASH FLOWS**  
**Year Ended March 31, 2009**  
(thousands of dollars)

|   | 2009       |           | 2008      |
|---|------------|-----------|-----------|
|   | Budget     | Actual    | Actual    |
| Cash generated from (used by):                            |            |           |           |
| Operating activities:                                     |            |           |           |
| (Deficiency) excess of revenues over expenses             | \$ (2,417) | (2,510)   | \$ 1,541  |
| Non-cash transactions:                                    |            |           |           |
| Amortization (Schedule 1)                                 | 243        | 243       | 238       |
| Amortized external capital contributions                  | (3)        | (3)       | (15)      |
| Loss on disposal of capital assets                        | -          | 70        | -         |
| Loss (gain) on disposal of non-current investments        | -          | 912       | (10)      |
| Interest accrued on non-current investments               | (580)      | (1,049)   | (769)     |
| Changes in non-cash working capital account               | 75,178     | 72,140    | (57,079)  |
| Change in deferred contributions                          | 2,695      | 6,990     | 75,846    |
| Change in other assets                                    | 350        | 1,378     | (1,476)   |
| Change in long-term employee benefits                     | 159        | 24        | 14        |
| Cash generated from operations                            | 75,625     | 78,195    | 18,290    |
| Investing activities:                                     |            |           |           |
| Purchase of non-current investments                       | (62,520)   | (37,577)  | (12,998)  |
| Purchase of capital assets:                               |            |           |           |
| internally funded - equipment                             | (327)      | (36)      | (284)     |
| Proceeds on sale of capital assets                        | -          | 12        | -         |
| Proceeds on sale of non-current investments               | -          | 22,654    | 1,473     |
| Allocations from (to) non-current cash and investments    | 1,485      | (41,332)  | (1,485)   |
| Interest received on non-current investments              | 1,454      | 1,060     | 727       |
| Cash used by investing activities                         | (59,908)   | (55,219)  | (12,567)  |
| Increase in cash, cash equivalents and investments        | 15,717     | 22,976    | 5,723     |
| Cash, cash equivalents and investments, beginning of year | 14,259     | 14,259    | 8,536     |
| Cash, cash equivalents and investments, end of year       | \$ 29,976  | \$ 37,235 | \$ 14,259 |

The accompanying notes and schedules are part of these financial statements.

**ALBERTA MENTAL HEALTH BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

**Note 1 Alberta Mental Health Board, Purpose and Operations**

The Alberta Mental Health Board ("the Board") is a provincial health board established on April 1, 1999 by *Alberta Regulation 84/99* (AR84/99). The Board is exempt from payment of income tax and is a registered charity under the Income Tax Act. Effective April 1, 2009, the Board will be disestablished and all assets and liabilities will be transferred to Alberta Health Services ("AHS") (Note 17).

The Board receives its mandate from and reports to the Minister of Alberta Health and Wellness. In its role of advancing mental health for Alberta, the Board is involved in numerous initiatives, including advocacy, policy advice, working with the regional health authorities ("RHAs") and stakeholders in the implementation of the Provincial Mental Health Plan, and collaborating with inter-provincial, national and international partners.

In fulfilling its mandate, the Board advances a significant portion of its budget to the Regions and other contract service operators.

**Note 2 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

(1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health & Wellness' Financial Directive 34.

(2) These financial statements are prepared using the deferral method, key elements of which are:

- (i) Unrestricted contributions are recognized as revenue in the year receivable.
- (ii) Restricted non-capital contributions are recognized as revenue in the year the related expenses are incurred.
- (iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period in which the related amortization expense of the capital asset is recorded.
- (iv) Investment income includes dividend and interest income, and realized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Restricted investment income is recognized as revenue in the year in which the related expenses are

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

incurred. Other unrestricted investment income is recognized as revenue when earned.

- (v) Donations and contributions in kind are recorded at fair value when such value can be reasonably determined.
- (vi) Revenues from sales of goods and services are recorded in the period that goods are delivered or services are provided.

**(b) Capital Disclosure**

Effective April 1, 2008, the Board implemented new capital disclosure requirements per section 1535 of the Canadian Institute of Chartered Accountants (CICA) Handbook. The Board for operating purposes defines capital as including working capital, unrestricted net assets and internally restricted net assets; and for capital purposes defines capital as including deferred capital contributions, internally restricted net assets, unamortized external capital contributions and investments in capital assets.

The Board's objectives for managing capital are:

- (i) In the short term to safeguard the Board's financial ability to continue to deliver health services, and
- (ii) In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Board's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The board monitors its working capital and cash flow forecasts.

**(c) Full Cost**

The Board accounts for all costs for which it is responsible. Fair value transactions recorded comprise:

- (i) Fair value to use non-acute care facilities not owned by the Board and provided to the Board at zero or nominal rent is recorded as other government contributions and as program expense.
- (ii) Other assets, supplies and services a health region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(d) Employee Future Benefits**

- (i) The Board participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Board's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Board has insufficient information to apply defined benefit plan accounting. Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Board does not record its portion of the plan's deficit or surplus.
- (ii) The Board provides a defined benefit Supplementary Retirement Plan to the previous President & Chief Executive Officer. Effective April 1, 2008, the Vice-Presidents were added to the Plan. The cost of this benefit is actuarially determined on an annual basis as at March 31<sup>st</sup> using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the employee. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The Supplementary Retirement Plan is unfunded.

**(e) Investments**

Investments are accounted for in accordance with the accounting policies described in Note 2 (f).

Current investments include marketable securities with original maturities of less than one year. Non-current investments include bonds and equities. All investments are classified as available-for-sale and measured as disclosed in note 2(f). The fair value of an investment on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by using the valuation techniques which refer to observable market data using the specific identification method. The fair value of investments is disclosed in Note 3.

Discounts or premiums arising on purchase of bonds are amortized using the effective interest rate method. On disposal of an investment, the cumulative gain or loss recorded in net assets is recognized in the excess (deficiency) of revenues over expenses.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(f) Financial Instruments**

Initial measurement of financial instruments is at fair value and is subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics.

The Board classified its financial instruments as follows:

| Instrument                               | Designation           |
|--|-----------------------|
| Cash, Cash Equivalents and Investments   | Available-for-sale    |
| Accounts Receivable                      | Loans and Receivables |
| Contributions Receivable                 | Loans and Receivables |
| Accounts Payable and Accrued Liabilities | Other Liabilities     |
| Accrued Vacation Pay                     | Other Liabilities     |

Financial assets classified as "available-for-sale" are remeasured at fair value each period. Changes in fair value are reported as a component of net assets until the financial asset is disposed of or becomes impaired, at which time the cumulative gain or loss is recognized in the excess (deficiency) of revenues over expenses.

Financial assets and financial liabilities classified as "loans and receivables" and "other liabilities" are subsequently measured at amortized cost. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. All transactions costs are expensed as incurred.

The trade date is the date that an entity commits to purchase or sell an asset. The settlement date is the date that an asset is delivered to or by an entity. Where the trade date and settlement date differ for a financial asset, settlement-date accounting is applied. Any change in the fair value of the asset between the trade date and settlement date is accounted for in the same way as the acquired asset.

When it is determined that an impairment of a financial investment classified as available-for-sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The carrying values of current cash, cash equivalents, account receivable, contributions receivable, accounts payable, accrued liabilities and accrued vacation pay approximate their fair values due to the short-term nature of these items. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

The carrying values of the Board's investments in money markets and bonds exceed their fair values. The cumulative amount that the Board's investments in equities at fair value that have been below their carrying values, are not in management's opinion an other than

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

temporary impairment of its financial instruments. Management's analysis of the expected use of funds within these instruments does not indicate that the funds would be required in the current period. This analysis indicates that a significant portion is not expected to be required within the next two years and can be carried over the next three to four years. It is thereby management's opinion that these investments are likely to recover prior to the use of these funds and therefore considered to be temporarily impaired.

The Board does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865, Hedges. The Board as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts as these would be limited or none.

**(g) Inventories**

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 *Inventories* which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Board adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (defined as moving average cost) and net realizable value.

**(h) Capital Assets**

Capital assets and work in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed on acquisition. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

|   | <u>Useful Life</u> |
|---|--------------------|
| Furniture, equipment and vehicle (collectively "Equipment") | 5-15 years         |
| Information technology                                      | 5 years            |
| Leasehold improvements                                      | 3 - 5 years        |

Work in progress is not amortized until the project is complete.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(i) Measurement Uncertainty**

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. In particular, the following estimates are subject to material measurement uncertainty:

- (i) The classification of cash, cash equivalents and investments as current and non-current is based on estimates of the cash and investments for which the benefit is expected to be realized in the next fiscal year.
- (ii) The classification of unused funding to Regions for the forensic psychiatry program as a prepaid expense and other asset is based on estimates of the portion of the unused funding that will be expensed in the next fiscal year.
- (iii) The classification of deferred contributions as current and non-current is based on estimates of the revenue to be recognized in the next fiscal year for externally restricted non-capital contributions.

Actual results could differ from these estimates.

**Note 3 Cash, Cash Equivalents, and Investments**

|   | 2009                   |                     | 2008             |                     |
|---|------------------------|---------------------|------------------|---------------------|
|   | (thousands of dollars) |                     |                  |                     |
|   | Fair Value             | Cost <sup>(1)</sup> | Fair Value       | Cost <sup>(1)</sup> |
| Cash and Cash Equivalents                           | \$ 56,529              | \$ 56,529           | \$ 544           | \$ 544              |
| Money Market Securities                             | 23,524                 | 23,517              | 15,199           | 15,196              |
| Bonds   | 27,796                 | 27,515              | 19,952           | 19,269              |
| Equities  | 8,710                  | 11,714              | 5,653            | 5,959               |
| <b>Total</b>  | <b>\$ 116,559</b>      | <b>\$ 119,275</b>   | <b>\$ 41,348</b> | <b>\$ 40,968</b>    |
| Classified as:                                      |                        |                     |                  |                     |
| Current   | \$ 37,235              |                     | \$ 14,259        |                     |
| Non-current   | 79,324                 |                     | 27,089           |                     |
| <b>Total Cash, Cash Equivalents and Investments</b> | <b>\$ 116,559</b>      |                     | <b>\$ 41,348</b> |                     |

<sup>(1)</sup>Cost includes the accumulated amortization of discount or premium on fixed income securities.

**Note 3 Cash, Cash Equivalents, and Investments (continued)**

(a) Income and financial returns on cash, cash equivalents and investments are exposed to credit and price risks:

- (i) Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract.
- (ii) Price risk is comprised of interest rate risk and market risk. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investment will change in value due to future fluctuations in market prices.

On March 14, 2008, the Board approved a new asset mix policy of 15% to 100% for cash and cash equivalents, 0% to 85% for fixed income instruments and 0% to 40% for equities.

Risk is further managed through asset class diversification, diversification within each asset class, and quality constraints on fixed-income and equity instruments.

(b) Money market securities include Government of Canada treasury bills maturing between three to seventy-three days and bear interest at an average effective yield of 0.53% per annum (2008 - 4.25%). Such financial instruments are limited to a rating of R-1 or A-1, or higher.

(c) Bonds are managed with the objective of providing optimal returns while maintaining maximum security of capital and meeting the liquidity requirements and obligations of the Board. Return is optimized within risk constraints on the portfolio by management of portfolio duration, issuer mix and quality. A maximum exposure of 10% of the bond portfolio has a rating of BBB and the remaining portfolio has a rating of A or higher.

The bonds have an average effective yield of 4.19 % per annum (2008 - 4.36%) and have the following maturity structure as at March 31, 2009:

|               |                       |
|---------------|-----------------------|
| 1 - 5 years   | 38.8 % (2008 - 44.8%) |
| 5 - 10 years  | 32.8 % (2008 - 28.3%) |
| Over 10 years | 28.4 % (2008 - 26.9%) |

(d) Equities are comprised of units in a pooled equity portfolio that includes publicly traded securities in a major stock market. Risk is reduced by prudent security selection and sector rotation.

**Note 3 Cash, Cash Equivalents, and Investments (continued)**

|   | 2009                   | 2008             |
|---|------------------------|------------------|
|   | (thousands of dollars) |                  |
| Non-current cash, cash equivalents and investments represent the following: |                        |                  |
| Externally restricted for operating purposes                                | \$ 79,324              | \$ 15,244        |
| Internally restricted for capital purposes                                  | -                      | 900              |
| Internally restricted for operating purposes                                | -                      | 6,857            |
| Unrestricted cash and investments not held for current purposes             | -                      | 4,088            |
|   | <u>\$ 79,324</u>       | <u>\$ 27,089</u> |

**Note 4 Capital Assets**

| Cost<br>(thousands of dollars) |                                 |              |               |                                  |
|--------------------------------|---------------------------------|--------------|---------------|----------------------------------|
| Capital Asset                  | Opening Balance<br>April 1-2008 | Additions    | Disposals     | Closing Balance<br>March-31-2009 |
| Equipment                      | \$ 253                          | \$ 24        | \$ 78         | \$ 199                           |
| Information Technology         | 604                             | 12           | 105           | 511                              |
| Leasehold Improvements         | 352                             | -            | -             | 352                              |
| Work in Progress               | -                               | -            | -             | -                                |
|                                | <u>\$ 1,209</u>                 | <u>\$ 36</u> | <u>\$ 183</u> | <u>\$ 1,062</u>                  |

| Accumulated Amortization<br>(thousands of dollars) |                              |                              |                                     |                           |                           |
|--|------------------------------|------------------------------|-------------------------------------|---------------------------|---------------------------|
| Opening Balance<br>April 1-2008                    | Current year<br>amortization | Amortization<br>on Disposals | Closing<br>Balance<br>March-31-2009 | Net Book<br>Value<br>2009 | Net Book<br>Value<br>2008 |
| \$ 92  | \$ 46                        | \$ 47                        | \$ 91                               | \$ 108                    | \$ 161                    |
| 170  | 113                          | 54                           | 229                                 | 282                       | 434                       |
| 69   | 84                           | -                            | 153                                 | 199                       | 283                       |
| -  | -                            | -                            | -                                   | -                         | -                         |
| <u>\$ 331</u>                                      | <u>\$ 243</u>                | <u>\$ 101</u>                | <u>\$ 473</u>                       | <u>\$ 589</u>             | <u>\$ 878</u>             |

**Note 4 Capital Assets (continued)**

Capital assets were funded from the following sources:

|  | 2009                   | 2008          |
|--|------------------------|---------------|
|  | (thousands of dollars) |               |
| Externally funded (unamortized external capital contributions) | \$ -                   | \$ 3          |
| Internally funded (invested in capital assets)                 | 589                    | 875           |
|  | <u>\$ 589</u>          | <u>\$ 878</u> |

**Note 5 Other Assets**

The Alberta Mental Health Board contracts with the Regions for the provision of forensic psychiatry services. The agreements included provisions whereby any surplus funding from the Board in a given fiscal year is subject to certain terms and conditions. Depending on the agreement, the Board may have a claim to the unused funding either immediately or one to three fiscal years following the fiscal year in which the surplus arises. Where the Board has an immediate claim to the unused funding, the Board may either offset the funding against future funding instalments to the Regions or approve the funding for incremental operating or capital expenditures benefiting the forensic psychiatry program. Where the Board has a claim to the unused funding one to three fiscal years following the fiscal year in which the surplus arises, the Regions may use the unused funding during that period for incremental operating or capital expenditures benefiting the forensic psychiatry program.

The March 31, 2008 non-current balance of \$1,476,000 was related to unused funding for forensic psychiatry services. During the 2009 fiscal year the Regions were approved by the Alberta Mental Health Board to expend these funds for incremental expenditures to benefit the forensic psychiatry programs. These funds were fully utilized in the 2009 fiscal year.

The March 31, 2009 non-current balance of \$98,000 is related to the Unfunded Supplemental Retirement Plan, see Note 18.



**Note 6 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

|  | 2009                   | 2008                   |
|--|------------------------|------------------------|
|  | (thousands of dollars) | (thousands of dollars) |
| <b>Current</b>   |                        |                        |
| Child and Youth Mental Health Plan                       | \$ 11,595              | \$ -                   |
| Childrens Mental Health Projects                         | 12,793                 | 10,506                 |
| Community Treatment Orders                               | 1,292                  | 3,866                  |
| Mental Health Innovation Projects                        | 74                     | 963                    |
| Special Mental Health Initiatives                        | 487                    | 594                    |
| Aboriginal Youth Suicide Prevention Strategy             | 105                    | 538                    |
| Alberta Centennial Mental Health Research Chairs Program | 322                    | 250                    |
| Telemental Health  | 244                    | 211                    |
| Information Security Compliance                          | 129                    | 73                     |
| Seniors and Community Supports                           | 983                    | 45                     |
| Mental Health First Aid - PCN                            | 216                    | 15                     |
|  | <u>28,240</u>          | <u>17,061</u>          |
| <b>Non-Current</b>                                       |                        |                        |
| Child and Youth Mental Health Plan                       | 38,964                 | 50,750                 |
| Childrens Mental Health Projects                         | 18,467                 | 12,347                 |
| Assertive Community Treatment Framework                  | -                      | 9,000                  |
| Community Treatment Orders                               | 15,606                 | 3,881                  |
| Alberta Centennial Mental Health Research Chairs Program | 3,067                  | 3,116                  |
| Seniors and Community Supports                           | 1,988                  | 2,955                  |
| Special Mental Health Initiatives                        | 1,430                  | 1,406                  |
| Mental Health Innovation Projects                        | 22                     | 173                    |
| Information Security Compliance                          | -                      | 107                    |
| Telemental Health  | 2                      | -                      |
|  | <u>79,546</u>          | <u>83,735</u>          |
|  | <u>\$ 107,786</u>      | <u>\$ 100,796</u>      |

**Note 7 Long-Term Employee Benefits**

**(a) Supplementary Retirement Plan (SRP)**

|   | 2009                   | 2008                   |
|---|------------------------|------------------------|
|   | (thousands of dollars) | (thousands of dollars) |
| <b>Accrued benefit obligation</b>                                   |                        |                        |
| Accrued obligation, beginning of year                               | \$ 208                 | \$ -                   |
| Current service cost  | 64                     | 6                      |
| Interest cost   | 16                     | 2                      |
| Past service cost   | 186                    | 200                    |
| Actuarial gain  | (32)                   | -                      |
| Settlement gain   | (101)                  | -                      |
| Benefit payments  | (243)                  | -                      |
| Accrued obligation, end of year                                     | <u>\$ 98</u>           | <u>\$ 208</u>          |
| <b>Reconciliation of funded status to accrued benefit liability</b> |                        |                        |
| Funded status of plan (deficit)                                     | (98)                   | (208)                  |
| Unamortized prior service costs                                     | 60                     | 194                    |
| Accrued benefit liability   | <u>\$ (38)</u>         | <u>\$ (14)</u>         |
| <b>SRP pension expense</b>  |                        |                        |
| Current service cost  | 64                     | 6                      |
| Interest cost   | 16                     | 2                      |
| Amortization of prior service costs                                 | 48                     | 6                      |
| Amortization of actuarial gain                                      | (32)                   | -                      |
| Settlement gain   | (101)                  | -                      |
| Curtailment loss  | 272                    | -                      |
| Benefit cost  | <u>\$ 267</u>          | <u>\$ 14</u>           |
| <b>Significant actuarial assumptions are as follows:</b>            |                        |                        |
| Discount rate   | 8.8%                   | 5.5%                   |
| Expected average remaining service life of employee                 | 5 years                | 5 years                |
| Salary increase   | 5.0%                   | 5.0%                   |
| The Supplementary Retirement Plan is unfunded.                      |                        |                        |

**(b) Local Authorities Pension Plan (LAPP)**

The Board participates in the LAPP, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable of \$394,700 for the year ended March 31, 2009 (2008 - \$321,000). At December 31, 2008, the LAPP reported a deficiency of \$4,413,971,000 (2007 deficiency - \$1,183,334,000).

**(c) Pension Expense**

The pension expense reported in the Statement of Operations for the SRP is \$267,350 and LAPP is \$394,700, for an aggregate pension expense of \$662,050 (2008 - \$335,000).



**Note 8 Accumulated Surplus**

The Board's accumulated surplus comprises the following:

|   | 2009                   | 2008                   |
|---|------------------------|------------------------|
|   | (thousands of dollars) | (thousands of dollars) |
| <b>Unrestricted net assets</b>                            | <b>\$ 10,482</b>       | <b>\$ 2,781</b>        |
| <b>Internally restricted net assets</b>                   |                        |                        |
| Research  | -                      | 3,803                  |
| Forensic Psychiatry Program                               | -                      | 2,326                  |
| Board Priorities  | -                      | 2,000                  |
| Future capital expenditures                               | -                      | 900                    |
| Mental Health Capacity Building for Children and Families | -                      | 630                    |
| Provincial Mental Health Plan                             | -                      | 266                    |
|   | -                      | 9,925                  |
|   | <b>\$ 10,482</b>       | <b>\$ 12,706</b>       |

The Alberta Health Services Board has unrestricted all funds that were previously internally restricted.

**Note 9 Commitments****(a) Leases**

The Board is contractually committed to future operating lease payments until 2012 as follows:

| For the year ended March 31 | (thousands of dollars) |
|-----------------------------|------------------------|
| 2010                        | \$909                  |
| 2011                        | 835                    |
| 2012                        | 359                    |

**(b) Contract Service Operators**

The Alberta Mental Health Board contracts on an ongoing basis and for externally restricted initiatives with contract service operators to provide various services in the mandate of the Board (Schedule 3). As measured by percentage of total expenses, the Board has contracted or anticipates to contract for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.

**Note 10 Budget**

The budget was prepared and approved by senior management of the Alberta Mental Health Board and submitted to the Minister of Health and Wellness on May 27, 2008.

**Note 11 Alberta Health and Wellness Contributions**

|                                       | 2009                   | 2008                   |
|---------------------------------------|------------------------|------------------------|
|                                       | (thousands of dollars) | (thousands of dollars) |
| Unrestricted contributions            | \$ 61,363              | \$ 58,339              |
| Transfers from deferred contributions | 9,433                  | 3,727                  |
| Other                                 | 30                     | -                      |
|                                       | <b>\$ 70,826</b>       | <b>\$ 62,066</b>       |

**Note 12 Other Government Contributions**

|   | 2009                   | 2008                   |
|---|------------------------|------------------------|
|   | (thousands of dollars) | (thousands of dollars) |
| <b>Alberta Government</b>                           |                        |                        |
| Transition grant from East Central Health (Note 18) | \$ 1,630               | \$ -                   |
| Transfers from deferred contributions               | 905                    | 95                     |
| Other   | 175                    | 116                    |
|   | <b>\$ 2,710</b>        | <b>\$ 211</b>          |

**Note 13 Investment and other income**

|                                    | 2009                   | 2008                   |
|------------------------------------|------------------------|------------------------|
|                                    | (thousands of dollars) | (thousands of dollars) |
| Investment (loss) income           | \$ (803)               | \$ 418                 |
| Sales and recoveries               | 567                    | 236                    |
| Registration fees and sponsorships | 435                    | 548                    |
| Other income                       | 4                      | 46                     |
|                                    | <b>\$ 203</b>          | <b>\$ 1,248</b>        |

Net investment loss is comprised of realized losses on disposal of investments, which are partially offset by interest earnings. Sales and recoveries relate to distributions of educational and promotional materials. Registration fees and sponsorships relate to conferences and courses conducted by the Board.

Sales and recoveries includes \$3,000 from Ministries of the Province (2008 - \$5,000). Registration fees and sponsorship includes \$80,000 from Ministries of the Province (2008 - \$80,000).

**Note 14 Administration**

|   | 2009                   | 2008            |
|---|------------------------|-----------------|
|   | (thousands of dollars) |                 |
| General administration <sup>(1)</sup>                                   | \$ 5,812               | \$ 4,341        |
| Administration - contract service operators (Schedule 3) <sup>(2)</sup> | 1,402                  | 1,217           |
| Finance   | 263                    | 243             |
| Human resources   | 66                     | 1               |
|   | <u>\$ 7,543</u>        | <u>\$ 5,802</u> |

<sup>(1)</sup>General administration includes costs relating to the following types of activities that do not meet the criteria for inclusion in other expense categories:

- Promoting and supporting implementation of the Made-in-Alberta approach outlined in the Provincial Mental Health Plan, *Advancing the Mental Health Agenda* (April 2004);
- Bringing a provincial perspective to programming and support for regional mental health service delivery;
- Strengthening advocacy and consumer support;
- Advising on policy; and
- Collaborating with inter-provincial, national and international partners.

<sup>(2)</sup>The cost of contracted services is allocated to the appropriate expense categories as if the Alberta Mental Health Board directly performed the activities. Where information is unobtainable, the Board uses a systematic and rational basis for the allocation.

**Note 15 Support Services**

|   | 2009                   | 2008            |
|---|------------------------|-----------------|
|   | (thousands of dollars) |                 |
| Support services - contract service operators (Schedule 3) <sup>(1)</sup> | \$ 8,436               | \$ 7,751        |
| Building maintenance and operations                                       | 1,230                  | 779             |
|   | <u>\$ 9,666</u>        | <u>\$ 8,530</u> |

<sup>(1)</sup>The cost of contracted services is allocated to the appropriate expense categories as if the Board directly performed the activities. Where information is unobtainable, the Board uses a systematic and rational basis for the allocation.

**Note 16 Related Parties**

(a) Province of Alberta and Health Regions

The Minister of Health and Wellness appoints the members of the Alberta Health Services Board. The Board is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

Transactions between the Board and Ministries of the Province are disclosed in the Statement of Operations and in Notes 11, 12 and 13 and Schedule 1 to the financial statements. As at March 31, 2009, \$8,000 is payable to other Ministries of the Province (2008 - \$3,000).

The Board had the following balances and transactions with other related parties recorded in the Statement of Financial Position and Statement of Operations at the amounts agreed upon by the parties:

|   | Receivable from:       |               | Payable to:      |                  |
|---|------------------------|---------------|------------------|------------------|
|   | 2009                   | 2008          | 2009             | 2008             |
|   | (thousands of dollars) |               |                  |                  |
| Other Regional Health Authorities and Provincial Health Boards <sup>(1)</sup> | \$ 1,672               | \$ 216        | \$ 1,039         | \$ 1,473         |
| School Boards & Schools   | -                      | -             | 3,069            | 1,151            |
| University of Alberta   | 4                      | 1             | 50               | -                |
|   | <u>\$ 1,676</u>        | <u>\$ 217</u> | <u>\$ 4,158</u>  | <u>\$ 2,624</u>  |
|   | Revenue                |               | Expenses         |                  |
|   | 2009                   | 2008          | 2009             | 2008             |
|   | (thousands of dollars) |               |                  |                  |
| Other Regional Health Authorities and Provincial Health Boards <sup>(1)</sup> | \$ 1,839               | \$ 211        | \$ 52,304        | \$ 45,879        |
| School Boards & Schools   | -                      | -             | 8,061            | 2,293            |
| University of Alberta   | 4                      | -             | 152              | 57               |
| Carewest  | -                      | -             | -                | 32               |
|   | <u>\$ 1,843</u>        | <u>\$ 211</u> | <u>\$ 60,517</u> | <u>\$ 48,261</u> |

<sup>(1)</sup>The receivable includes \$1,630,000 receivable from East Central Health in respect of transition costs covered by an externally restricted grant. The payable includes \$50,400 in respect of third party costs paid on behalf of the Board for which the Region will be reimbursed. In addition to the receivable and payable balances there were \$515,400 prepaid expenses (2008 - \$535,000) in the Statement of Financial Position.

**Note 16 Related Parties (continued)****(b) Other Contract Service Operators**

The Board has an economic interest through its contracts with other service operators for mental health justice initiatives and mental health promotion and prevention services in the Province. Details are presented in Schedule 3.

**Note 17 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of the health service delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission (AADAC). On April 1, 2009 pursuant to the Health Government Transition Act & Regulation 286/94, the Alberta Mental Health Board will be disestablished and all assets and liabilities, rights and obligations of the Board will be assumed by East Central Health Region whose name will change to Alberta Health Services.

**Note 18 Transition Costs**

As at March 31, 2009, the Board recorded transition costs and restructuring charges in the Statement of Operations. The charges consist of severance costs and termination benefits, professional services, consulting expenses and other applicable transition expenses. In the Consolidated Statement of Operations, these charges are included in Administration, Support Services and Information Technology.

|  | Severance-<br>Related Charges | Other Charges<br>(thousands of dollars) | Total    |
|--|-------------------------------|---|----------|
| Payable as at March 31, 2008           | \$ -                          | \$ -                                    | \$ -     |
| Amounts expensed                       | 988                           | 301                                     | 1,289    |
| Amounts capitalized                    | -                             | -                                       | -        |
| Payments made during the year          | -                             | -                                       | -        |
| Payable as at March 31, 2009           | \$ 988                        | \$ 301                                  | \$ 1,289 |
| Unfunded Supplementary Retirement Plan | \$ -                          | \$ 341                                  | \$ 341   |

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and the Board has recorded a receivable of \$1,630,000 from East Central Health for the transition costs incurred as described above.

Unfunded SRP -- The transition grant restrictions include payments for the unfunded status of the Board's Supplemental Retirement Plan. The Board has recorded a non-current receivable from East Central Health for the amount of the accrued benefit obligation at the end of the year. The Board has also recorded a current receivable from East Central Health for the amount of any Supplementary Retirement Plan lump sum payments during the year as a part of a termination package.

**Note 19 Comparative Figures**

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

**Note 20 Approval of Financial Statements**

These financial statements have been approved by the Alberta Health Services Board.

## Schedule 1

**ALBERTA MENTAL HEALTH BOARD**  
**SCHEDULE OF EXPENSES BY OBJECT**

**Year Ended March 31, 2009**

(thousands of dollars)

|  | 2009      |           | 2008      |  |
|--|-----------|-----------|-----------|--|
|  | Budget    | Actual    | Actual    |  |
| Salaries and Benefits (Schedule 2)                   | \$ 7,991  | \$ 7,531  | \$ 5,540  |  |
| Contracts with health service providers (Schedule 3) | 73,029    | 63,026    | 50,381    |  |
| Other contracted services                            | 3,484     | 2,033     | 2,377     |  |
| Other expenses <sup>(1)</sup>                        | 4,512     | 3,379     | 3,490     |  |
| Amortization of capital equipment:                   |           |           |           |  |
| - internally funded                                  | 240       | 240       | 223       |  |
| - externally funded                                  | 3         | 3         | 15        |  |
| Loss on disposal of capital equipment                | \$ 89,259 | \$ 76,282 | \$ 62,026 |  |
|  |           | 70        | -         |  |
| <sup>(1)</sup> Other expenses:                       |           |           |           |  |
| Promotion, prevention, and educational materials     | 1,114     | 488       | 603       |  |
| Facility rent <sup>(2)</sup>                         | 1,076     | 1,223     | 789       |  |
| Travel   | 857       | 584       | 742       |  |
| Miscellaneous  | 1,465     | 1,084     | 1,356     |  |
|  | \$ 4,512  | \$ 3,379  | \$ 3,490  |  |

<sup>(2)</sup> The 2009 fiscal year includes office lease costs of \$82,000 paid to Alberta Infrastructure and Transportation under the terms of the lease agreement (2008 - \$91,000).

**ALBERTA MENTAL HEALTH BOARD  
SCHEDULE OF SALARIES AND BENEFITS  
FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

Schedule 2

|  | 2009                                |                               |                                       |   |                 |                             |               |                 | 2008                                |                 |
|--|-------------------------------------|-------------------------------|---------------------------------------|---|-----------------|-----------------------------|---------------|-----------------|-------------------------------------|-----------------|
|  | Number<br>of<br>FTEs <sup>(a)</sup> | Base<br>Salary <sup>(a)</sup> | Other Cash<br>Benefits <sup>(b)</sup> | Other<br>Non-Cash<br>Benefits <sup>(c)(d)</sup> | Sub Total       | Severance <sup>(e)</sup>    |               | Total           | Number<br>of<br>FTEs <sup>(a)</sup> | Total           |
|  |                                     |                               |                                       |   |                 | Number<br>of<br>Individuals | Amount        |                 |                                     |                 |
| <b>Board Chair <sup>(g)</sup></b>                        |                                     |                               |                                       |   |                 |                             |               |                 |                                     |                 |
| Hughes, Ken - AHS  | 0.88                                | \$ -                          | \$ -                                  | \$ -  | -               | -                           | \$ -          | \$ -            | -                                   | \$ -            |
| Fernco, Jean (Dr.)                                       | 0.12                                | -                             | 5                                     | -   | 5               | -                           | -             | 5               | 1                                   | 15              |
| <b>Board Members <sup>(g)</sup></b>                      |                                     |                               |                                       |   |                 |                             |               |                 |                                     |                 |
| Ady, Jack - AHS  | 0.88                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Crevolin, Pierre - AHS                                   | 0.21                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Rooma, Cathy - AHS                                       | 0.63                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Hobol, Linda - AHS                                       | 0.88                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Lehmers, John - AHS                                      | 0.88                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Lewis, Irene - AHS                                       | 0.88                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Sieben, Don - AHS  | 0.88                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Andrechuk, Lori - AHS                                    | 0.33                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Bonje, Gord - AHS  | 0.33                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Bougie, Teri Lynn - AHS                                  | 0.33                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Clifford, Jim - AHS                                      | 0.33                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Crowfoot, Sister - AHS                                   | 0.33                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Franceschini, Tony - AHS                                 | 0.33                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Laupacis, Andreas - AHS                                  | 0.33                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Winkel, Gord - AHS                                       | 0.33                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Fielding, Alan   | 0.12                                | -                             | 2                                     | -   | 2               | -                           | -             | 2               | 1                                   | 7               |
| Laforce-Fortig, Louise                                   | 0.12                                | -                             | 1                                     | -   | 1               | -                           | -             | 1               | 1                                   | 8               |
| McBain, Harold   | 0.12                                | -                             | 2                                     | -   | 2               | -                           | -             | 2               | 1                                   | 8               |
| Mikkelsen, David   | 0.12                                | -                             | -                                     | -   | -               | -                           | -             | -               | 1                                   | 5               |
| Preston, Jerry   | 0.12                                | -                             | -                                     | -   | -               | -                           | -             | -               | 1                                   | 8               |
| Steinhauer, Sharon                                       | 0.12                                | -                             | 2                                     | -   | 2               | -                           | -             | 2               | 1                                   | 7               |
| Taylor, Ruth (Dr.)                                       | 0.12                                | -                             | 1                                     | -   | 1               | -                           | -             | 1               | 1                                   | 3               |
| <b>Total Board</b>                                       | <b>9.72</b>                         | <b>-</b>                      | <b>13</b>                             | <b>-</b>  | <b>13</b>       | <b>-</b>                    | <b>-</b>      | <b>13</b>       | <b>8</b>                            | <b>61</b>       |
| <b>Board Direct Reports <sup>(h)</sup></b>               |                                     |                               |                                       |   |                 |                             |               |                 |                                     |                 |
| Mental Health Patient Advocate Office                    | 3.01                                | 275                           | 47                                    | 40  | 362             | -                           | -             | 362             | 3.17                                | 366             |
| President & Chief Executive Officer - AHS <sup>(i)</sup> | 0.02                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| Interim Chief Executive Officer - AHS <sup>(j)</sup>     | 0.88                                | -                             | -                                     | -   | -               | -                           | -             | -               | -                                   | -               |
| President & Chief Executive Officer <sup>(k)</sup>       | 0.27                                | 83                            | 8                                     | 170   | 261             | 1                           | 558           | 819             | 1.00                                | 282             |
| <b>CEO Direct Reports <sup>(l)</sup></b>                 |                                     |                               |                                       |   |                 |                             |               |                 |                                     |                 |
| Vice President, Advocacy, Innovation & Monitoring        | 0.84                                | 183                           | 64                                    | 97  | 344             | 1                           | 430           | 774             | 1.00                                | 235             |
| Vice President, Programs & Research                      | 1.00                                | 221                           | 65                                    | 71  | 357             | -                           | -             | 357             | 1.00                                | 237             |
| Management reporting directly to CEO Direct Reports      | 14.10                               | 1,478                         | 33                                    | 309   | 1,820           | -                           | -             | 1,820           | 12.57                               | 1,492           |
| Other management   | 4.56                                | 382                           | 2                                     | 81  | 465             | -                           | -             | 465             | 4.54                                | 428             |
| Other staff  | 40.95                               | 2,342                         | 40                                    | 539   | 2,921           | -                           | -             | 2,921           | 35.30                               | 2,439           |
| <b>Total Executive, Management and Staff</b>             | <b>65.63</b>                        | <b>4,964</b>                  | <b>259</b>                            | <b>1,307</b>                                    | <b>6,530</b>    | <b>2</b>                    | <b>988</b>    | <b>7,518</b>    | <b>58.58</b>                        | <b>5,479</b>    |
| <b>Total</b>   | <b>75.35</b>                        | <b>\$ 4,964</b>               | <b>\$ 272</b>                         | <b>\$ 1,307</b>                                 | <b>\$ 6,543</b> | <b>2</b>                    | <b>\$ 988</b> | <b>\$ 7,531</b> | <b>66.58</b>                        | <b>\$ 5,540</b> |

See accompanying information on the following pages.

## Schedule 2 (continued)

**SCHEDULE OF SALARIES AND BENEFITS,  
FOR THE YEAR ENDED MARCH 31, 2009**

- a. Full-time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 103 (2007 - 86). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include bonuses, lump sum payments and honoraria.
- d. Other non-cash benefits include:
- Employer's current and prior service cost of supplementary retirement plans per note (f) below.
  - Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment insurance, long and short-term disability plans, Canada Pension Plan, and employment insurance. Professional development and membership costs may also be paid on behalf of or reimbursed to employees but such amounts are not included under benefits and allowances.
  - Employer's share of the cost of additional benefits including other special leave with pay.
- e. Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- f. Supplemental Retirement Plan (SRP)

Under the terms of the Supplemental Retirement Plan executives may receive supplemental retirement payments. Effective April 1, 2008, the Vice President, Advocacy, Innovation & Monitoring and the Vice President, Programs & Research were added to the Supplemental Retirement Plan. SRP costs as detailed in the following table are not cash payments in the period but are the period expense for the rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2 (d) Employee Future Benefits and Note 7 Long-term Employee Benefit Liabilities.

The cost of these benefits is actuarially determined using the projected benefit method prorated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past services costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

## Schedule 2 (continued)

The change in the accrued benefit obligation includes current service costs, interest accruing on the actuarial liability and the full amount of any actuarial gains or loss in the period.

**SCHEDULE OF SALARIES AND BENEFITS,  
FOR THE YEAR ENDED MARCH 31, 2009**

|  | 2009                   |                               |               |
|--|------------------------|-------------------------------|---------------|
|  | Current Service Cost   | Prior Service and Other Costs | Total         |
|  | (thousands of dollars) |                               |               |
| President & CEO                        | \$ 9                   | \$ 152                        | \$ 161        |
| VP-Advocacy, Innovation and Monitoring | 24                     | 44                            | 68            |
| VP-Programs & Research                 | 31                     | 7                             | 38            |
|  | <u>\$ 64</u>           | <u>\$ 203</u>                 | <u>\$ 267</u> |

|  | Accrued obligation March 31, 2008 | Change in accrued obligation | Accrued obligation March 31, 2009 |
|--|-----------------------------------|------------------------------|-----------------------------------|
|  | (thousands of dollars)            |                              |                                   |
| President & CEO                        | \$ 208                            | \$ (208)                     | \$ -                              |
| VP-Advocacy, Innovation and Monitoring | -                                 | -                            | -                                 |
| VP-Programs & Research                 | -                                 | 98                           | 98                                |
|  | <u>\$ 208</u>                     | <u>\$ (110)</u>              | <u>\$ 98</u>                      |

For the two severances during the 2008-09 period the SRP was paid out in lump sum. The President & CEO received a lump sum payment of \$175,324. The Vice-President, Advocacy, Innovation and Monitoring received a lump sum payment of \$67,796.

- g. On May 15, 2008, Alberta Mental Health Board's board, along with the other regional health authority boards and provincial boards, was replaced by the Alberta Health Services ('AHS') interim board according to Ministerial order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- h. Board Direct Reports reflect FTEs and costs for the entire 2008-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.



i. On July 8, the Board's CEO was terminated. The Interim CEO – AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO – AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO – AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO – AHS are reported and disclosed in the financial statements of East Central Health.

j. CEO Direct Reports reflect FTEs and costs for the 2008-09 fiscal year based on the titling and positioning that existed as at July 8, 2008.

k. Two Executive Medical Directors were contracted by the Alberta Mental Health Board and participated in Executive Management Committee. As they are contracted their expense is charged to other contracted services and not salaries and benefits. The expense reported in the Statement of Operations for the fiscal year 2009 is: Executive Medical Director – Edmonton, \$111,300 (2008 - \$146,600) and Executive Medical Director – Calgary, \$190,700 (2008 - \$151,700).

**ALBERTA MENTAL HEALTH BOARD**  
**SCHEDULE OF CONTRACT SERVICE OPERATORS**  
**FOR THE YEAR ENDED MARCH 31, 2009**  
(thousands of dollars)

Schedule 3

|  | Direct<br>Region<br>Funding | Facility-<br>based<br>inpatient<br>acute nursing<br>services | Facility-<br>based<br>emergency &<br>outpatient<br>services | Community-<br>based care | Diagnostic &<br>therapeutic<br>services | Promotion<br>prevention &<br>protection<br>services | Research<br>and<br>education | Administra-<br>tion | Information<br>technology | Support<br>services | Total<br>Expenditures |
|--|-----------------------------|--|---|--------------------------|---|---|------------------------------|---------------------|---------------------------|---------------------|-----------------------|
| <b>A. Health Authorities</b>                     |                             |  |   |                          |   |   |                              |                     |                           |                     |                       |
| Capital Health - Forensics                       | \$ 34,591                   | \$ 14,419  | \$ 5,280  | \$ 1,762                 | \$ 5,864                                | \$ -  | \$ -                         | \$ 1,172            | \$ -                      | \$ 6,094            | \$ 34,591             |
| Capital Health - Other                           | 1,955                       | -  | 11  | 638                      | 399                                     | 51  | 13                           | 205                 | 633                       | 5                   | 1,955                 |
| Calgary Health Region - Forensics                | 11,321                      | 4,088  | 1,966   | 509                      | 2,492                                   | -   | -                            | -                   | -                         | 2,266               | 11,321                |
| Calgary Health Region - Other                    | 1,862                       | -  | 4   | 1,081                    | 322                                     | 394   | 9                            | -                   | -                         | 52                  | 1,862                 |
| Chinook Health Region                            | 718                         | -  | -   | 471                      | 201                                     | 27  | 4                            | -                   | -                         | 15                  | 718                   |
| Palliser Health Region                           | 478                         | -  | -   | 270                      | 186                                     | 16  | 6                            | -                   | -                         | -                   | 478                   |
| David Thomson Health Region                      | 430                         | -  | -   | 242                      | 167                                     | 12  | 9                            | -                   | -                         | -                   | 430                   |
| Aspen Health Region                              | 116                         | -  | -   | 59                       | 11                                      | 33  | 9                            | -                   | -                         | 4                   | 116                   |
| Other Regional Health Authorities                | 113                         | -  | -   | -                        | -                                       | 96  | 17                           | -                   | -                         | -                   | 113                   |
| <b>B. Other Contract Service Operators</b>       |                             |  |   |                          |   |   |                              |                     |                           |                     |                       |
| School Boards & Schools                          | 7,937                       | -  | -   | -                        | 1,349                                   | 6,588   | -                            | -                   | -                         | -                   | 7,937                 |
| AADAC  | 726                         | -  | -   | 430                      | 296                                     | -   | -                            | -                   | -                         | -                   | 726                   |
| Homefront  | 599                         | -  | -   | 331                      | 228                                     | -   | -                            | -                   | -                         | -                   | 599                   |
| Aboriginal agencies & service providers          | 599                         | -  | -   | -                        | -                                       | 597   | 2                            | -                   | -                         | -                   | 599                   |
| Centre for Suicide Prevention                    | 393                         | -  | -   | -                        | -                                       | 393   | -                            | -                   | -                         | -                   | 393                   |
| Universities & Colleges                          | 276                         | -  | -   | -                        | -                                       | 22  | 254                          | -                   | -                         | -                   | 276                   |
| Schizophrenia Society of Alberta                 | 244                         | -  | -   | -                        | -                                       | 244   | -                            | -                   | -                         | -                   | 244                   |
| Institute of Health Economics                    | 187                         | -  | -   | -                        | -                                       | -   | 187                          | -                   | -                         | -                   | 187                   |
| Canadian Mental Health Association               | 130                         | -  | -   | -                        | -                                       | 127   | 3                            | -                   | -                         | -                   | 130                   |
| Alberta Heritage Foundation for Medical Research | 116                         | -  | -   | -                        | -                                       | -   | 116                          | -                   | -                         | -                   | 116                   |
| Other agencies & service providers               | 275                         | -  | 42  | -                        | -                                       | 149   | 59                           | 25                  | -                         | -                   | 275                   |
| <b>Total 2008/09</b>                             | <b>\$ 63,026</b>            | <b>\$ 18,507</b>   | <b>\$ 7,303</b>   | <b>\$ 5,793</b>          | <b>\$ 11,515</b>                        | <b>\$ 8,749</b>                                     | <b>\$ 688</b>                | <b>\$ 1,402</b>     | <b>\$ 633</b>             | <b>\$ 8,436</b>     | <b>\$ 63,026</b>      |
| <b>Total 2007/08</b>                             | <b>\$ 50,381</b>            | <b>\$ 16,155</b>   | <b>\$ 6,103</b>   | <b>\$ 5,240</b>          | <b>\$ 9,316</b>                         | <b>\$ 3,566</b>                                     | <b>\$ 394</b>                | <b>\$ 1,217</b>     | <b>\$ 639</b>             | <b>\$ 7,751</b>     | <b>\$ 50,381</b>      |

**ALBERTA CANCER BOARD**

**FINANCIAL STATEMENTS**

**MARCH 31, 2009**

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries and Benefits

**ALBERTA CANCER BOARD**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

**FINANCIAL STATEMENTS**

**MARCH 31, 2009**

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes to review internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

The Board members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow him to report on the fairness of the financial statements prepared by management.

[Original signed]

Dr. Stephen Duckett  
President & Chief Executive Officer  
Date: June 11, 2009

[Original signed]

Chris Mazurkewich, CA  
Executive Vice President and CFO  
Date: June 11, 2009

[Original signed]

Darryl Diletsky, CMA  
Director of Finance  
Date: June 11, 2009



## Auditor's Report

To the Members of the Alberta Health Services Board  
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Cancer Board (the Board) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 11, 2009

## ALBERTA CANCER BOARD STATEMENT OF FINANCIAL POSITION

March 31, 2009

(in thousands)

|   | 2009<br>Actual    | 2008<br>Actual    |
|---|-------------------|-------------------|
| <b>ASSETS</b>   |                   |                   |
| Current:  |                   |                   |
| Cash and cash equivalents (Note 3)                          | \$ 106,323        | \$ 77,762         |
| Accounts receivable   | 11,990            | 8,892             |
| Contributions receivable from Alberta Health and Wellness   | 547               | 7,168             |
| Inventories   | 8,142             | 9,609             |
| Prepaid expenses  | 2,596             | 1,982             |
|   | 129,598           | 105,413           |
| Non-current cash, cash equivalents and investments (Note 3) | 18,652            | 47,755            |
| Capital assets (Note 4)                                     | 150,840           | 148,284           |
| Other assets (Note 7 (b))                                   | 958               | 855               |
| <b>TOTAL ASSETS</b>   | <b>\$ 300,056</b> | <b>\$ 302,307</b> |
| <b>LIABILITIES AND NET ASSETS</b>                           |                   |                   |
| Current:  |                   |                   |
| Accounts payable and accrued liabilities                    | \$ 41,969         | \$ 39,739         |
| Accrued vacation pay  | 9,496             | 8,422             |
| Deferred contributions (Note 5)                             | 68,794            | 48,429            |
|   | 120,259           | 96,590            |
| Deferred capital contributions (Note 6)                     | 8,350             | 12,395            |
| Unamortized external capital contributions                  | 104,667           | 106,630           |
| Other liabilities   | 4,132             | 4,572             |
|   | 237,408           | 220,187           |
| Net Assets  |                   |                   |
| Accumulated surplus (Note 8)                                | 3,990             | 2,209             |
| Internally restricted net assets (Note 8)                   | -                 | 20,618            |
| Investment in capital assets                                | 46,181            | 41,654            |
| Cumulative net unrealized gain on investments               | 2,175             | 7,639             |
| Operating net assets  | 52,346            | 72,120            |
|   | 102,392           | 72,630            |
| Endowments (Note 17)  | 10,302            | 10,000            |
|   | 62,648            | 82,120            |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                     | <b>\$ 300,056</b> | <b>\$ 302,307</b> |

The accompanying notes and schedules are part of these financial statements.

**ALBERTA CANCER BOARD**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended March 31, 2009**  
(In thousands)

|   | 2009                |                    | 2008              |
|---|---------------------|--------------------|-------------------|
|   | Budget<br>(Note 10) | Actual             | Actual            |
| <b>Revenue</b>                                      |                     |                    |                   |
| Alberta Health and Wellness contributions (Note 11) | \$ 347,149          | \$ 330,500         | \$ 305,058        |
| Other government contributions (Note 12)            | 3,000               | 7,532              | 2,058             |
| Fees and charges                                    | 5,900               | 6,987              | 5,886             |
| Ancillary operations (Note 13)                      | 7,578               | 7,948              | 7,144             |
| Donations   | 8,200               | 11,107             | 6,420             |
| Research and education                              | 32,000              | 29,006             | 32,001            |
| Investment and other income (Note 14)               | 29,100              | 24,425             | 29,084            |
| Amortized external capital contributions            | 14,600              | 13,329             | 14,504            |
| <b>TOTAL REVENUE</b>                                | <b>\$ 447,527</b>   | <b>\$ 430,834</b>  | <b>\$ 402,155</b> |
| <b>Expenses (Schedule 1)</b>                        |                     |                    |                   |
| Inpatient acute nursing services                    | 20,791              | 18,259             | 17,578            |
| Emergency and outpatient services                   | 108,893             | 110,409            | 101,710           |
| Community-based care                                | 41,300              | 44,420             | 38,715            |
| Diagnostic and therapeutic services                 | 94,996              | 96,690             | 88,659            |
| Promotion, prevention and protection services       | 49,039              | 33,332             | 23,843            |
| Research and education                              | 70,014              | 61,707             | 58,475            |
| Administration                                      | 12,232              | 13,759             | 11,019            |
| Information technology                              | 16,900              | 12,888             | 13,598            |
| Support services                                    | 42,701              | 47,037             | 38,657            |
| Amortization of facilities and improvements         | 5,700               | 6,643              | 5,463             |
| <b>TOTAL EXPENSES</b>                               | <b>462,566</b>      | <b>445,144</b>     | <b>397,717</b>    |
| (Deficiency) excess of revenue over expense         | <b>\$ (15,039)</b>  | <b>\$ (14,310)</b> | <b>\$ 4,438</b>   |

The accompanying notes and schedules are a part of these financial statements.

**ALBERTA CANCER BOARD**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended March 31, 2009**  
(In thousands)

|  | 2009  |  |                                 |  |                  | 2008             |                  |                  |  |
|--|---|--|---------------------------------|--|------------------|------------------|------------------|------------------|--|
|  | Accumulated<br>surplus / (deficit)<br>(Note 11) | Internally<br>restricted net<br>assets | Investment<br>in capital assets | Cumulative<br>net<br>unrealized<br>gain<br>on<br>investments | Sub-Total        | Endowments       | Total            | Total            |  |
| Balance at beginning of year   | \$ 2,209  | \$ 20,618                              | \$ 41,654                       | \$ 7,639   | \$ 72,120        | \$ 10,000        | \$ 82,120        | \$ 69,896        |  |
| (Deficiency) excess of revenue over expense  | (14,310)  | -                                      | -                               | -  | (14,310)         | -                | (14,310)         | 4,438            |  |
| Capital assets purchased with internal funds   | (13,405)  | -                                      | 13,405                          | -  | -                | -                | -                | -                |  |
| Amortization of internally funded capital assets                                     | 8,745   | -                                      | (8,745)                         | -  | -                | -                | -                | -                |  |
| Net unrealized losses on available for sale financial assets arising during the year | -   | -                                      | -                               | (4,632)  | (4,632)          | -                | (4,632)          | (574)            |  |
| Transfer of net realized (losses) on investments to revenue                          | -   | -                                      | -                               | (832)  | (832)            | -                | (832)            | (1,640)          |  |
| Net book value of internally funded capital assets disposed                          | 133   | -                                      | (133)                           | -  | -                | -                | -                | -                |  |
| Transfer internally restricted net assets to unrestricted                            | 20,618  | (20,618)                               | -                               | -  | -                | -                | -                | -                |  |
| Endowment contributions received   | -   | -                                      | -                               | -  | -                | 302              | 302              | 10,000           |  |
| Balance at end of year   | <u>\$ 3,990</u>                                 | <u>\$ -</u>                            | <u>\$ 46,181</u>                | <u>\$ 2,175</u>  | <u>\$ 52,346</u> | <u>\$ 10,302</u> | <u>\$ 62,648</u> | <u>\$ 82,120</u> |  |

The accompanying notes and schedules are part of these financial statements.



**ALBERTA CANCER BOARD**  
**STATEMENT OF CASH FLOWS**  
**For the year ended March 31, 2009**  
(In thousands)

|  | 2009        |             | 2008      |
|--|-------------|-------------|-----------|
|  | Budget      | Actual      | Actual    |
|  | (Note 10)   |             |           |
| Cash generated from (used by):   |             |             |           |
| Operating activities:  |             |             |           |
| (Deficiency) excess of revenue over expenses                                   | \$ (15,039) | \$ (14,310) | \$ 4,438  |
| Non-cash transactions:   |             |             |           |
| Amortization (Schedule 1)  | 21,700      | 22,056      | 20,944    |
| Amortized external capital contributions                                       | (14,600)    | (13,329)    | (14,504)  |
| Loss on disposal of capital equipment  | -           | 103         | 607       |
| Gain on disposal of investments  | -           | (816)       | (1,640)   |
| Changes in non-cash working capital account                                    | (39,768)    | 28,045      | 16,698    |
| Cash generated from (used by) operations                                       | (47,707)    | 21,749      | 26,543    |
| Investing activities:  |             |             |           |
| Purchase of investments  | (12,000)    | (16,513)    | (17,573)  |
| Purchase of capital assets:  |             |             |           |
| internally funded - equipment  | (13,992)    | (13,405)    | (13,989)  |
| internally funded - facility and improvements                                  | -           | -           | -         |
| externally funded - equipment  | (17,333)    | (11,365)    | (6,648)   |
| externally funded - facility and improvements                                  | -           | -           | -         |
| Proceeds on sale of investments  | 12,000      | 15,064      | 15,849    |
| Proceeds on disposal of capital assets   | -           | 45          | 6         |
| Allocations to other assets  | (35)        | (103)       | (47)      |
| Transfer deferred contributions to capital                                     | -           | 2,270       | -         |
| Transfer to Endowment  | -           | -           | -         |
| Allocations from non-current cash, cash equivalents and investments            | 29,605      | 23,941      | 5,136     |
| Cash used by investing activities  | (1,755)     | (66)        | (17,266)  |
| Financing activities:  |             |             |           |
| Capital contributions received   | 5,000       | 7,628       | 7,742     |
| Change in other liabilities  | -           | (440)       | 274       |
| Deferred capital contributions transferred to operations                       | -           | (310)       | (263)     |
| Cash generated from financing activities                                       | 5,000       | 6,878       | 7,753     |
| Increase (decrease) in cash and equivalents                                    | (44,462)    | 28,561      | 17,030    |
| Cash and cash equivalents, beginning of year                                   | 84,954      | 77,762      | 60,732    |
| Cash and cash equivalents, end of year   | \$ 40,492   | \$ 106,323  | \$ 77,762 |
| The accompanying notes and schedules are a part of these financial statements. |             |             |           |

**ALBERTA CANCER BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2009**  
(In thousands)

**Note 1 Authority, Purpose and Operations**

The Alberta Cancer Board (the "Board") was established in 1967 and now operates under the Cancer Programs Act Chapter C-2, Revised Statutes of Alberta, 2000. Effective April 1, 2009, the Board will be disestablished and all the assets and liabilities will be transferred to Alberta Health Services (Note 18).

The Board is exempt from payment of income tax.

The Board provides cancer services to Albertans through research, diagnosis, treatment, education and prevention programs and it coordinates, in cooperation with others, the planning, development and delivery of provincial cancer services.

The Board's operations include the following facilities and sites:

Cross Cancer Institute - Edmonton  
Tom Baker Cancer Centre - Calgary  
Regional Cancer Clinics - Grande Prairie, Red Deer, Lethbridge and Medicine Hat  
Community Cancer Centers - Camrose, Hinton, Banhead, Bonnyville, Drumheller, High River, Peace River, Fort McMurray, Cammore, Lloydminster and Drayton Valley  
Breast screening sites - Edmonton and Calgary - plus three mobile vans  
Edmonton Radiopharmaceutical Centre - Edmonton  
Southern Alberta Cancer Research Institute - Calgary

These financial statements do not include the assets, liabilities and operations of the Alberta Cancer Foundation, the Cross Cancer Institute Volunteer Association, or private facilities providing health services in the province, except as disclosed in Note 15.

**Note 2 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

(1) These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.

(2) These financial statements use the deferral method, key elements of which are:

(i) Unrestricted contributions are recognized as revenue in the year receivable.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

- (ii) Externally restricted contributions are recognized as revenue in the year proportional to the related expenses incurred.

Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and then recognized as revenue in the period the related amortization expense of the capital asset is recorded.

- (iii) Endowments and restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.

- (iv) Unrestricted investment income is recognized in the year earned.

- (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

- (vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

**(b) Capital Disclosure**

Effective April 1, 2008, the Board implemented new capital disclosure requirements per section 1535 of the CICA Handbook.

The Board's objectives for managing capital are:

- In the short term to safeguard the board's financial ability to continue to deliver health services and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Board's operating funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Board monitors its working capital and cash flow forecasts.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Board funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants.

**(c) Full cost**

The Board accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the region's fees and charges and as contracted health service expense.

- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as they represent part of the region's health program costs.

- (iii) Fair value to use facilities not owned by the Board is recorded as other government contributions or donations, and as program expense, since the region's contract payments do not include amounts for use of these facilities.

- (iv) Fair value to use non-acute care facilities not owned by the Board and provided to the region at zero or nominal rent is recorded as other government contributions and as program expense.

- (v) Other assets, supplies and services the Board would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

**(d) Employee Future Benefits**

The Board participates in the Public Service Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied where the Board has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Board does not record its portion of the plans' deficit or surplus.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

Alberta Health Services (AHS) has approved an additional expense to transfer employees' service from the Public Service Pension Plan to the Local Authorities Pension Plan effective April 1, 2009 (Note 7).

The Board provides a defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The SERP is fully funded as the Board contributes to the Plan in quarter one of the next fiscal year an amount equal to the plan deficit, if any. At March 31, 2009, the Plan does not have a deficit.

The Board fully accrues its obligations for employee non-pension future benefits.

**(e) Investments**

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are expensed. The purchase and sale of investments are accounted of using the settlement date accounting.

**(f) Financial Instruments**

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", financial liabilities classified as "other financial liabilities" and financial assets classified as "held to maturity" are measured at amortized cost using the effective interest method.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

The Board has classified its financial assets and financial liabilities as follows:

| <u>Financial Assets and Liabilities</u> | <u>Classification</u>       |
|---|-----------------------------|
| Cash and cash equivalents               | Held for trading            |
| Investments                             | Available for sale          |
| Accounts receivable                     | Loans and receivables       |
| Accounts payable                        | Other financial liabilities |

The Board does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Board as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The carrying value of Accounts Receivable and Accounts Payable approximate their fair value because of the short term nature of these items. Unless otherwise noted, it is management's opinion that the board is not exposed to significant interest, current or credit risks arising from its financial instruments.

**(g) Inventories**

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Board adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost (moving cost average) and net realizable value.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(b) Capital Assets**

Capital assets and construction in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

|   | Useful Life |
|---|-------------|
| Buildings                                   | 20-40 years |
| Parkade                                     | 30 years    |
| Building service equipment                  | 20 years    |
| Equipment and Information Systems Equipment | 5-20 years  |
| Information Systems software and licenses   | 5 years     |

Construction in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

**(f) Research Grants**

The Board awards grants to carry out cancer research to agencies that are successful applicants through the Board's Research Grant application process. Grants are awarded for projects ranging from one to three years in length. The Board records the full value of the grant awarded as an expense when it has been approved and when the agreement between the Board and the principal investigator has been executed.

**(j) Measurement Uncertainty**

These financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Significant management estimates include the amortization period of capital assets, the completeness of accrued liabilities, accounts receivable, allowance for doubtful accounts and economic assumptions related to the Supplemental Executive Retirement Plan. Actual results could differ from estimates.

**Note 3 Cash, Cash Equivalents and Investments**

|  | 2009<br>(thousands of dollars) |            | 2008<br>(thousands of dollars) |            |
|--|--------------------------------|------------|--------------------------------|------------|
|  | Fair Market Value              | Cost       | Fair Market Value              | Cost       |
| Cash   | \$ 82,336                      | \$ 82,336  | \$ 78,089                      | \$ 78,089  |
| Money market securities                            | 739                            | 739        | 1,143                          | 1,143      |
| Fixed income securities:                           |                                |            |                                |            |
| Canadian federal and provincial government bonds   | 7,269                          | 6,791      | 7,291                          | 6,872      |
| Corporate bonds and debentures                     | 13,810                         | 14,531     | 14,580                         | 14,848     |
| Canadian equities                                  | 20,537                         | 18,113     | 24,165                         | 16,676     |
| United States and foreign equities                 | 224                            | 230        | 249                            | 250        |
| Total current and non-current cash and investments | 124,975                        | 122,800    | 125,517                        | 117,878    |
| Classified as:                                     |                                |            |                                |            |
| Current  | 106,323                        | 106,323    | 77,762                         | 77,762     |
| Non-current  | 18,652                         | 16,477     | 47,755                         | 40,116     |
| Total cash, cash equivalents and investments       | \$ 124,975                     | \$ 122,800 | \$ 125,517                     | \$ 117,878 |

(i) The Consolidation Cash Investment Trust Fund ("CCITF") of the Province of Alberta is a demand account managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining security and liquidity of depositors' capital. Interest is earned on the daily cash balance and the average rate of earnings of the CCITF varies depending on prevailing market interest rates. The rate of return for the year ended March 31, 2009 was 2.98% (March 31, 2008 - 4.81%). Included in cash, cash equivalents and investments is \$4,738 (2008 - \$327) related to capital and is considered non-current.

(ii) To optimize returns at an acceptable risk level, management has established a policy asset mix of 45% to 55% for fixed income securities and 45% to 55% for equities. Risk is reduced through diversification.

(iii) Fixed income securities have an average effective yield of 5.3% (2008 - 5.03%) per annum for securities maturing between 1 and 30 years. As at March 31, 2009, the securities have the following maturity structure:

|               |     |
|---------------|-----|
| Under 1 year  | 4%  |
| 1 to 5 years  | 37% |
| 6 to 10 years | 26% |
| Over 10 years | 33% |

(iv) Equities comprise publicly-traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.

(v) Included in cumulative net unrealized gain on investments of \$2,175 are unrealized losses of \$2,936.

**Note 3 Cash, Cash Equivalents and Investments (continued)**

**Non-current cash and investments represent the following:**

|   | 2009                   | 2008             |
|---|------------------------|------------------|
|   | (thousands of dollars) |                  |
| Externally restricted for capital acquisitions (Note 6) | \$ 8,350               | \$ 12,395        |
| Internally restricted net assets (Note 8)               | -                      | 20,618           |
| Unrestricted non-current investments                    | -                      | 4,742            |
| Endowments (Note 17)                                    | 10,302                 | 10,000           |
|   | <u>\$ 18,652</u>       | <u>\$ 47,755</u> |

**Note 4 Capital Assets**

| Capital Asset                             | Cost                          |                                 |                  |                   |                                |
|---|-------------------------------|---------------------------------|------------------|-------------------|--------------------------------|
|   | Opening Balance April 1, 2008 | Transfers from Work in Progress | Additions        | Disposals         | Closing Balance March 31, 2009 |
|   | (thousands of dollars)        |                                 |                  |                   |                                |
| Land                                      | \$ 4,356                      | \$ -                            | \$ -             | \$ -              | \$ 4,356                       |
| Art                                       | 146                           | -                               | 4                | -                 | 150                            |
| Buildings                                 | 94,804                        | 13,447                          | 5,751            | -                 | 114,002                        |
| Building service equipment                | 39,087                        | -                               | -                | -                 | 39,087                         |
| Parkade                                   | 5,507                         | -                               | -                | -                 | 5,507                          |
| Equipment excluding information systems   | 133,537                       | 3,280                           | 9,341            | (1,266)           | 144,892                        |
| Information systems equipment             | 27,801                        | -                               | 1,900            | (1,57)            | 28,544                         |
| Construction in progress                  | 13,575                        | (13,575)                        | 140              | -                 | 140                            |
| Deposits on equipment                     | 3,721                         | (3,211)                         | 7,136            | -                 | 7,646                          |
| Information systems software and licenses | 12,411                        | 59                              | 498              | -                 | 12,968                         |
|   | <u>\$ 333,145</u>             | <u>\$ -</u>                     | <u>\$ 24,770</u> | <u>\$ (1,423)</u> | <u>\$ 356,492</u>              |

| Capital Asset                           | Accumulated Amortization      |                           |                           |                                | Net Book Value         |                   |
|---|-------------------------------|---------------------------|---------------------------|--------------------------------|------------------------|-------------------|
|   | Opening Balance April 1, 2008 | Current year amortization | Amortization on disposals | Closing Balance March 31, 2009 | 2009                   | 2008              |
|   | (thousands of dollars)        |                           |                           |                                | (thousands of dollars) |                   |
| Land                                    | \$ -                          | -                         | -                         | \$ -                           | \$ 4,356               | \$ 4,356          |
| Art                                     | -                             | -                         | -                         | -                              | 150                    | 146               |
| Buildings                               | 49,699                        | 3,007                     | -                         | 54,666                         | 39,332                 | 43,144            |
| Building service equipment              | 29,400                        | 1,649                     | -                         | 31,049                         | 8,038                  | 9,687             |
| Parkade                                 | 3,420                         | 189                       | -                         | 3,609                          | 1,900                  | 2,087             |
| Equipment excluding information systems | 76,354                        | 10,724                    | (1,119)                   | 85,959                         | 58,933                 | 57,164            |
| Information systems equipment           | 18,630                        | 3,351                     | (156)                     | 21,825                         | 7,719                  | 9,191             |
| Construction in progress                | -                             | -                         | -                         | -                              | 140                    | 13,575            |
| Deposits on equipment                   | -                             | -                         | -                         | -                              | 7,645                  | 3,722             |
| IS software and licenses                | 9,398                         | 1,136                     | -                         | 10,534                         | 2,434                  | 3,012             |
|   | <u>\$ 186,861</u>             | <u>\$ 22,056</u>          | <u>\$ (1,275)</u>         | <u>\$ 207,642</u>              | <u>\$ 150,848</u>      | <u>\$ 148,284</u> |

**Note 4 Capital Assets (continued)**

**(a) Land and buildings**

In July, 1989, the Board and the University of Alberta (the "University") jointly completed the construction of a parkade on land owned by the University adjoining the Cross Cancer Institute. The Board incurred expenditures of \$5,507 on the parkade which amounted to 62.5% of the cost of the parkade. In return, the University granted the Board 62.5% of the use of the parkade rent-free until the year 2009, with two additional five year renewal terms. The Board pays a portion of the parkade's operating costs.

**Capital assets were funded from the following sources:**

|  | 2009                   | 2008              |
|--|------------------------|-------------------|
|  | (thousands of dollars) |                   |
| Externally funded (unamortized external capital contributions) | \$ 104,667             | \$ 106,630        |
| Internally funded (investment in capital assets)               | 46,181                 | 41,654            |
|  | <u>\$ 150,848</u>      | <u>\$ 148,284</u> |

**Note 5 Deferred Contributions**

The balance at the end of the year is restricted for the following purposes:

|                                  | 2009                   | 2008             |
|----------------------------------|------------------------|------------------|
|                                  | (thousands of dollars) |                  |
| Research                         | \$ 20,616              | \$ 15,496        |
| Programs and services            | 35,196                 | 7,355            |
| Capital projects and renovations | 4,270                  | 2,939            |
| Clinical trials                  | 3,602                  | 3,841            |
| Legacy fund program initiatives  | 5,110                  | 18,798           |
|                                  | <u>\$ 68,794</u>       | <u>\$ 48,429</u> |



**Note 6 Deferred Capital Contributions**

The balance at the end of the year is restricted for the following purposes:

|   | 2009                   | 2008             |
|---|------------------------|------------------|
|   | (thousands of dollars) |                  |
| Equipment replacement                         | \$ 1,128               | \$ 1,670         |
| New construction                              | 365                    | 1,025            |
| Information technology equipment and software | 1,208                  | 2,080            |
| New equipment                                 | 5,649                  | 7,620            |
|   | <u>\$ 8,350</u>        | <u>\$ 12,395</u> |

**Note 7 Long-Term Employee Benefits**

**(a) Public Service Pension Plan (PSPP)**

The Board participates in the PSPP, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable \$8,644 for the year ended March 31, 2009 (2008 - \$7,799).

Alberta Health Services (AHS) has approved an additional expense to transfer employees' service from the Public Service Pension Plan to the Local Authorities Pension Plan effective April 1, 2009. The additional expense is estimated at \$5.3 Million and is recorded in the financial statements of East Central Health.

At December 31, 2008, the PSPP reported an actuarial deficit of \$1,187,538 (2007 - deficit \$92,509).

**Note 7 Long-Term Employee Benefits (continued)**

**(b) Supplemental Executive Retirement Plan (SERP)**

|  | 2009                   | 2008          |
|--|------------------------|---------------|
|  | (thousands of dollars) |               |
| Accrued benefit obligation, beginning of year        | \$ 3,498               | \$ 2,586      |
| Current service cost                                 | 328                    | 434           |
| Interest cost  | 200                    | 157           |
| Benefits paid  | (24)                   | -             |
| Actuarial (gain)/loss                                | (397)                  | 321           |
| Accrued benefit obligation, end of year              | <u>3,605</u>           | <u>3,498</u>  |
| Funded status of plan surplus/(deficit)              | 170                    | (294)         |
| Unamortized actuarial loss                           | 455                    | 705           |
| Unamortized prior service costs                      | 333                    | 444           |
| Accrued SERP asset                                   | <u>958</u>             | <u>855</u>    |
| Current service cost                                 | 328                    | 434           |
| Interest cost  | 200                    | 157           |
| Amortization of prior service costs                  | 111                    | 111           |
| Amortization of net actuarial loss                   | 250                    | 59            |
| Expected return on plan assets                       | (96)                   | (73)          |
| SERP expense   | <u>\$ 793</u>          | <u>\$ 688</u> |
| Assumptions at end of year                           |                        |               |
| Discount rate  | 6.2%                   | 5.2%          |
| Expected average remaining service life of employees | 8 years                | 8 years       |
| Salary scale increases                               | 4%                     | 4%            |

The above information is based on the annual actuarial valuation performed as of March 31, 2009. The Board's SERP is fully funded on an annual basis.

|  | 2009            | 2008          |
|--|-----------------|---------------|
| <b>Plan assets (held by trustee)</b>               |                 |               |
| Employer contributions                             | \$ 1,778        | \$ 1,539      |
| Actual return on plan assets                       | 302             | 100           |
| Taxes paid   | (27)            | (33)          |
| Market value (less than) over cost                 | (290)           | 3             |
| Fair value of assets - March 31, 2009              | <u>1,763</u>    | <u>1,609</u>  |
| Fixed income                                       | 889             | 721           |
| Common stocks                                      | 873             | 751           |
| Cash on hand                                       | <u>1</u>        | <u>137</u>    |
| <b>Plan assets (held by Canada Revenue Agency)</b> |                 |               |
| Employer contributions paid as refundable taxes    | \$ 1,985        | \$ 1,562      |
| Taxes paid on plan income                          | 27              | 33            |
| Total refundable taxes                             | <u>2,012</u>    | <u>1,595</u>  |
| Total plan assets                                  | <u>3,775</u>    | <u>3,204</u>  |
| Funded status of plan - (surplus)/deficit          | <u>\$ (170)</u> | <u>\$ 294</u> |



**Note 8 Accumulated Surplus**

The Board's accumulated surplus comprises the following:

|  | 2009                   | 2008             |
|--|------------------------|------------------|
|  | (thousands of dollars) |                  |
| Unrestricted net assets                              | \$ 3,990               | \$ 2,209         |
| Internally restricted net assets:                    |                        |                  |
| Drug Reserve   | -                      | 7,200            |
| Committed capital equipment replacement              | -                      | 7,193            |
| Breast Centre, Prostate Centre and Clinical Reserves | -                      | 3,500            |
| Edmonton Radiopharmaceutical Centre                  | -                      | 2,725            |
|  | -                      | 20,618           |
|  | <u>\$ 3,990</u>        | <u>\$ 22,827</u> |

The Alberta Health Services Board has unrestricted all funds that were previously internally restricted.

**Note 9 Commitments and Contingencies****(a) Commitments:**

Future minimum lease payments under operating leases relating primarily to office and warehouse space are as follows:

|            | (thousands of dollars) |
|------------|------------------------|
| 2010       | \$ 4,878               |
| 2011       | 4,815                  |
| 2012       | 4,880                  |
| 2013       | 4,957                  |
| 2014       | 918                    |
| Thereafter | 1,796                  |
|            | <u>\$ 22,244</u>       |

The Board is also responsible for its portion of operating costs related to office and warehouse space.

**(b) Contingencies:**

The Board is a defendant in various lawsuits as of March 31, 2009. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Board is satisfied that there will be no material adverse impact on the financial position of the Board as of March 31, 2009.

**Note 10 Budget**

The budget was approved by the Board on May 6<sup>th</sup>, 2008 and submitted to the Minister of Health and Wellness.

**Note 11 Alberta Health and Wellness Contributions**

|  | 2009                   | 2008              |
|--|------------------------|-------------------|
|  | (thousands of dollars) |                   |
| Unrestricted contributions                 | \$ 294,186             | \$ 277,533        |
| Transfers from deferred contributions for: |                        |                   |
| Legacy research                            | 29,624                 | 21,396            |
| Renovations and repairs                    | 3,573                  | 834               |
| Radiation therapy corridor project         | 1,412                  | -                 |
| Screening programs                         | 1,181                  | 4,462             |
| Information systems programs               | 310                    | 729               |
| Telehealth program                         | 214                    | 104               |
|  | <u>\$ 330,500</u>      | <u>\$ 305,058</u> |

**Note 12 Other Government Contributions**

|   | 2009                   | 2008            |
|---|------------------------|-----------------|
|   | (thousands of dollars) |                 |
| Government of Canada                          | \$ 5,046               | \$ 2,048        |
| Alberta Government:                           |                        |                 |
| Transition grant from East Central Health     | 1,878                  | -               |
| EMS transition grant from East Central Health | 608                    | -               |
| Alberta Alcohol and Drug Abuse Commission     | -                      | 10              |
|   | <u>\$ 7,532</u>        | <u>\$ 2,058</u> |

**Note 13 Ancillary Operations**

|                                     | 2009<br>(thousands of dollars) |          |              |   | 2008<br>(thousands of dollars) |         |              |   |
|-------------------------------------|--------------------------------|----------|--------------|---|--------------------------------|---------|--------------|---|
|                                     | Direct                         |          | Amortization | Excess<br>(deficiency)<br>of Revenue<br>over<br>Expense | Direct                         |         | Amortization | Excess<br>(deficiency)<br>of Revenue<br>over<br>Expense |
|                                     |                                |          |              |   |                                |         |              |   |
| Packing operations                  | \$ 1,166                       | \$ 763   | \$ 189       | \$ 214  | \$ 1,196                       | \$ 323  |              |   |
| Non-patient food services           | 1,593                          | 1,651    | 12           | (70)  | 1,431                          | (85)    |              |   |
| Edmonton Radiopharmaceutical Centre | 5,189                          | 4,828    | 42           | 319   | 4,517                          | (271)   |              |   |
| Total                               | \$ 7,948                       | \$ 7,242 | \$ 243       | \$ 463  | \$ 7,144                       | \$ (33) |              |   |

Packing operations and Non-patient food services are reported in Support services on the statement of operations.  
Edmonton Radiopharmaceutical Centre is reported in Diagnostic and therapeutic services on the statement of operations.

**Note 14 Investment and other income**

|  | 2009<br>(thousands of dollars) | 2008<br>(thousands of dollars) |
|--|--------------------------------|--------------------------------|
| Investment income                                    | \$ 2,255                       | \$ 5,963                       |
| Drug rebates and other recoveries                    | 16,562                         | 17,513                         |
| Calgary Health Region Bone Marrow Transplant Program | 5,608                          | 5,608                          |
|  | <u>\$ 24,425</u>               | <u>\$ 29,084</u>               |

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains/losses on disposal of investments.

**Note 15 Related Parties**

**(a) Province of Alberta and Health Authorities**

The Minister of Health and Wellness appoints members of the Board. The Board is economically dependent on the Ministry of Health and Wellness (the "Ministry") since the viability of its ongoing operations depends on contributions from the Ministry.

The Board has the following transactions with other Health Authorities recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

|  | 2009<br>(thousands of dollars) |                  |                 |                 | 2008<br>(thousands of dollars) |                  |             |                 |
|--|--------------------------------|------------------|-----------------|-----------------|--------------------------------|------------------|-------------|-----------------|
|  | Revenue                        | Expense          | Receivable      | Payable         | Revenue                        | Expense          | Receivable  | Payable         |
| Other Regional Health Authorities and Provincial Health Boards | \$ 12,516                      | \$ 27,785        | 4,479           | \$ 5,899        | \$ 7,166                       | \$ 31,419        | \$ -        | \$ 8,514        |
| Health Quality Council of Alberta                              | -                              | 104              | -               | 103             | -                              | 1                | -           | -               |
| Total  | <u>\$ 12,516</u>               | <u>\$ 27,889</u> | <u>\$ 4,479</u> | <u>\$ 5,962</u> | <u>\$ 7,166</u>                | <u>\$ 31,420</u> | <u>\$ -</u> | <u>\$ 8,514</u> |

**(b) Foundations**

**Alberta Cancer Foundation**

The Board controls the Alberta Cancer Foundation (the "Foundation") which raises money for cancer research and other cancer related activities and services. The Foundation is registered with Canada Revenue Agency as a charitable foundation.

The Foundation is not consolidated in these financial statements. If the Board had consolidated the Foundation, using the modified equity method, the unrestricted operating results, and unrestricted net assets would have decreased by \$1,327 (2008 - increased \$2,824) and \$630 (2008 - \$3,209), respectively. Audited financial statements of the Foundation are available upon request.

**Note 15 Related Parties (continued)**

A financial summary of the Foundation as at March 31, 2009 and 2008 for the years then ended is as follows:

|                                 | 2009                   | 2008                   |
|---------------------------------|------------------------|------------------------|
|                                 | (thousands of dollars) | (thousands of dollars) |
| Total assets                    | \$ 81,087              | \$ 91,756              |
| Total liabilities               | 1,951                  | 1,066                  |
| Net Assets                      | <u>\$ 79,136</u>       | <u>\$ 90,690</u>       |
| Revenue                         | \$ 21,415              | \$ 28,114              |
| Expenses                        | 21,367                 | 25,073                 |
| Excess of revenue over expenses | <u>\$ 48</u>           | <u>\$ 3,041</u>        |
| Excess is comprised of:         |                        |                        |
| Restricted                      | \$ (1,339)             | \$ 217                 |
| Unrestricted                    | 1,387                  | 2,824                  |
|                                 | <u>\$ 48</u>           | <u>\$ 3,041</u>        |

| Contributions received by Board |                  | Resources held by Foundation |               |
|---------------------------------|------------------|------------------------------|---------------|
| Year ended March 31,            |                  | at March 31, 2009            |               |
| 2009                            | 2008             | Restricted                   | Unrestricted  |
| (thousands of dollars)          |                  |                              |               |
| <u>\$ 15,563</u>                | <u>\$ 20,371</u> | <u>\$ 78,507</u>             | <u>\$ 629</u> |

(i) At March 31, 2009 the Foundation owed to the Board \$787 which is included in Accounts Receivable (2008 - \$367 due to the Board).

**(c) Other Related Parties**

The Board exercises significant influence over the Cross Cancer Institute Volunteer Association (the "Association") which was incorporated under the Societies Act of the Province of Alberta to provide services for the care and comfort of patients of the Cross Cancer Institute.

The net revenues were expended by the Association, at its discretion in accordance with the Board's objectives.

**Note 15 Related Parties (continued)**

A financial summary of the Association as at March 31, 2009 and 2008 for the years then ended is as follows:

|  | 2009                   | 2008                   |
|--|------------------------|------------------------|
|  | (Draft - unaudited)    | (unaudited)            |
|  | (thousands of dollars) | (thousands of dollars) |
| Total assets                                 | \$ 492                 | \$ 615                 |
| Total liabilities                            | 1                      | 194                    |
| Net assets                                   | <u>\$ 491</u>          | <u>\$ 421</u>          |
| Revenue                                      | \$ 570                 | \$ 455                 |
| Expenses                                     | 589                    | 416                    |
| Excess/(Deficiency) of revenue over expenses | <u>\$ (19)</u>         | <u>\$ 39</u>           |

**Note 16 Trust Funds**

The Board receives funds in trust for conferences, etc. These amounts are not reported in the financial statements. During the year the Board received \$182 and disbursed \$237. The balance of funds held by the Board at March 31, 2009 is \$235 (2008 - \$289).

**Note 17 Endowment**

The Endowment is internally restricted and is designated for use as a Research Chair for the Director of the Alberta Cancer Research Institute (ACRI). The principal amount of \$10,000 is required to be maintained and all investment proceeds are available for use. Proceeds from the fund are to be used for the salary, infrastructure and operating grant support for the ACRI Directors Research. During the year, \$302 of investment proceeds were allocated to the ACRI Director Research Chair and none was spent.

**Note 18 New Governance Structure**

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of health services delivery in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board and Alberta Alcohol and Drug Abuse Commission (AADAC). Effective April 1, 2009, all of these entities including the Board but excluding East Central Health will be disestablished and all of the assets, liabilities, rights and obligations of these entities will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

**Note 19 Transition and Restructuring Costs**

As at March 31, 2009, the Board recorded transition costs and restructuring charges in the Statement of Operations. The charges consist of severance costs and termination benefits, retention payments, professional services, consulting expenses and other applicable transition expenses. In the Statement of Operations, these charges are included in Administration.

|                                | Severance<br>Related<br>Charges | Other<br>Charges | Total         |
|--------------------------------|---------------------------------|------------------|---------------|
|                                | (thousands of dollars)          |                  |               |
| Liability as at March 31, 2008 | \$ -                            | \$ -             | \$ -          |
| Amounts expensed               | 2,194                           | -                | 2,194         |
| Amounts capitalized            | -                               | -                | -             |
| Payments made during the year  | (1,843)                         | -                | (1,843)       |
| Liability as at March 31, 2009 | <u>\$ 351</u>                   | <u>\$ -</u>      | <u>\$ 351</u> |

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of AHS transitioning and the Board has recorded a receivable from East Central Health for the transition costs incurred as described above.

**Note 20 Comparative Figures**

Certain 2008 figures have been reclassified to match their 2009 presentation.

**Note 21 Approval of Financial Statements**

These financial statements have been approved by the Board.

**ALBERTA CANCER BOARD**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**For the year ended March 31, 2009**  
**(in thousands)**

**Schedule 1**

|                                       | Budget<br>(Note 12) | 2009              | 2008              |
|---------------------------------------|---------------------|-------------------|-------------------|
| Salaries and benefits (Schedule 2)    | \$ 168,804          | \$ 159,189        | \$ 137,590        |
| Drugs and gases                       | 104,828             | 98,596            | 100,201           |
| Medical and surgical supplies         | 4,707               | 4,897             | 4,533             |
| Other contracted services (a)         | 69,193              | 51,268            | 47,191            |
| Referred out services                 | 30,840              | 36,060            | 27,840            |
| Supplies                              | 26,738              | 16,629            | 25,430            |
| Equipment and IT maintenance          | 6,953               | 9,015             | 6,299             |
| Other (a)                             | 28,803              | 47,434            | 27,689            |
| Amortization:                         |                     |                   |                   |
| Capital equipment - internally funded | 7,100               | 8,745             | 6,992             |
| Capital equipment - externally funded | 8,700               | 6,480             | 8,300             |
| Facilities and improvements           | 5,900               | 6,831             | 5,652             |
|                                       | <u>\$ 462,566</u>   | <u>\$ 445,144</u> | <u>\$ 397,717</u> |

(a) Other Contracted services include the following:

|                            | 2009             | 2008             |
|----------------------------|------------------|------------------|
| Medical purchased services | \$ 40,750        | \$ 37,529        |
| Other purchased services   | 179              | 333              |
| Legal Fees                 | 117              | 100              |
| Other professional fees    | 10,222           | 9,229            |
|                            | <u>\$ 51,268</u> | <u>\$ 47,191</u> |

(a) Other includes the following:

|                                | 2009             | 2008             |
|--------------------------------|------------------|------------------|
| Travel and recruitment         | \$ 4,393         | \$ 4,313         |
| Licence fees                   | 1,587            | 672              |
| Office rent                    | 8,332            | 4,864            |
| Land and building improvements | 1,748            | 853              |
| Major equipment                | 4,506            | 2,463            |
| Grants                         | 23,826           | 12,696           |
| Other                          | 3,042            | 1,826            |
|                                | <u>\$ 47,434</u> | <u>\$ 27,689</u> |

**ALBERTA CANCER BOARD**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**March 31, 2009**

|                                     | 2009              |                            |                                    |  |           | 2008              |                          |       |                   |       |
|-------------------------------------|-------------------|----------------------------|------------------------------------|--|-----------|-------------------|--------------------------|-------|-------------------|-------|
|                                     | Number of FTEs(1) | Base Salary <sup>(2)</sup> | Other Cash Benefits <sup>(3)</sup> | Other Non-Cash Benefits <sup>(4)</sup> | Sub Total | Number of FTEs(1) | Severance <sup>(5)</sup> | Total | Number of FTEs(1) | Total |
| <b>Board Chair <sup>(6)</sup></b>   |                   |                            |                                    |  |           |                   |                          |       |                   |       |
| Ken Hughes - AHS                    | 0.88              | \$ -                       | \$ -                               | \$ -                                   | -         | -                 | \$ -                     | -     | -                 | \$ -  |
| Gary Campbell                       | 0.15              | -                          | 9                                  | -                                      | 9         | -                 | -                        | 9     | 1.00              | 51    |
| <b>Board Members <sup>(6)</sup></b> |                   |                            |                                    |  |           |                   |                          |       |                   |       |
| Jack Ady - AHS                      | 0.88              | -                          | -                                  | -                                      | -         | -                 | -                        | -     | -                 | -     |
| Pierre Crevelin - AHS               | 0.21              | -                          | -                                  | -                                      | -         | -                 | -                        | -     | -                 | -     |
| Catherine Roosen - AHS              | 0.63              | -                          | -                                  | -                                      | -         | -                 | -                        | -     | -                 | -     |
| Linda Hobel - AHS                   | 0.88              | -                          | -                                  | -                                      | -         | -                 | -                        | -     | -                 | -     |
| John Lehnars - AHS                  | 0.88              | -                          | -                                  | -                                      | -         | -                 | -                        | -     | -                 | -     |
| Irene Lewis - AHS                   | 0.88              | -                          | -                                  | -                                      | -         | -                 | -                        | -     | -                 | -     |
| Don Seben - AHS                     | 0.88              | -                          | -                                  | -                                      | -         | -                 | -                        | -     | -                 | -     |
| Lori Andrechuk - AHS                | 0.33              | -                          | -                                  | -                                      | -         | -                 | -                        | -     | -                 | -     |
| Gord Bontje - AHS                   | 0.33              | -                          | -                                  | -                                      | -         | -                 | -                        | -     | -                 | -     |
| Teri Lynn Bougie - AHS              | 0.33              | -                          | -                                  | -                                      | -         | -                 | -                        | -     | -                 | -     |
| Jim Clifford - AHS                  | 0.33              | -                          | -                                  | -                                      | -         | -                 | -                        | -     | -                 | -     |
| Strater Crowfoot - AHS              | 0.33              | -                          | -                                  | -                                      | -         | -                 | -                        | -     | -                 | -     |
| Tony Francachini - AHS              | 0.33              | -                          | -                                  | -                                      | -         | -                 | -                        | -     | -                 | -     |
| Andreas Lampakis - AHS              | 0.33              | -                          | -                                  | -                                      | -         | -                 | -                        | -     | -                 | -     |
| Gord Winkel - AHS                   | 0.33              | -                          | -                                  | -                                      | -         | -                 | -                        | -     | -                 | -     |
| Jean Agrios                         | 0.15              | -                          | 2                                  | -                                      | 2         | -                 | -                        | 2     | 1.00              | 2     |
| Patricia Jones (to July 31, 2007)   | -                 | -                          | -                                  | -                                      | -         | -                 | -                        | -     | 0.30              | 1     |
| Allen Hargreaves                    | 0.15              | -                          | 2                                  | -                                      | 2         | -                 | -                        | 2     | 1.00              | 1     |
| Ron Hierath                         | 0.15              | -                          | 1                                  | -                                      | 1         | -                 | -                        | 1     | 1.00              | 4     |
| Richard Melchin                     | 0.15              | -                          | 1                                  | -                                      | 1         | -                 | -                        | 1     | 1.00              | 2     |
| Irene Nicolson                      | 0.15              | -                          | 4                                  | -                                      | 4         | -                 | -                        | 4     | 1.00              | 3     |
| Mary O'Neill                        | 0.15              | -                          | 1                                  | -                                      | 1         | -                 | -                        | 1     | 1.00              | 2     |
| Brian Rogers                        | 0.15              | -                          | 2                                  | -                                      | 2         | -                 | -                        | 2     | 1.00              | 3     |
| Catherine Roosen                    | 0.15              | -                          | 2                                  | -                                      | 2         | -                 | -                        | 2     | 1.00              | 4     |
| Brunwyn Shouh                       | 0.15              | -                          | 2                                  | -                                      | 2         | -                 | -                        | 2     | 1.00              | 1     |
|                                     | 10.26             | \$ -                       | \$ 26                              | \$ -                                   | 26        | -                 | \$ -                     | \$ 26 | 10.30             | \$ 74 |

**ALBERTA CANCER BOARD**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**March 31, 2009**

|   | 2009                 |                            |                                       |  |                   | 2008                 |                          |                   |                      |                   |
|---|----------------------|----------------------------|---------------------------------------|--|-------------------|----------------------|--------------------------|-------------------|----------------------|-------------------|
|   | Number of<br>FTEs(1) | Base Salary <sup>(2)</sup> | Other Cash<br>Benefits <sup>(3)</sup> | Other Non-<br>Cash Benefits <sup>(4)</sup> | Sub Total         | Number of<br>FTEs(1) | Severance <sup>(5)</sup> | Total             | Number of<br>FTEs(1) | Total             |
| <b>Board Direct Reports <sup>(6)</sup></b>  |                      |                            |                                       |  |                   |                      |                          |                   |                      |                   |
| President and Chief Executive Officer - AHS <sup>(1)</sup>                                    | 0.02                 | \$ -                       | \$ -                                  | \$ -                                       | -                 | -                    | \$ -                     | -                 | -                    | \$ -              |
| Interim Chief Executive Officer - AHS <sup>(1)</sup>  | 0.85                 | -                          | -                                     | -  | -                 | -                    | -                        | -                 | -                    | -                 |
| Chief Executive Officer <sup>(1)(12)</sup>  | 0.27                 | 140                        | 35                                    | 45   | 220               | 1.00                 | 1,843                    | 2,063             | 1.00                 | 712               |
| <b>CEO Direct Reports <sup>(7)</sup></b>  |                      |                            |                                       |  |                   |                      |                          |                   |                      |                   |
| Interim Chief Operating Officer, Health Strategies Research & Design - AHS <sup>(1)(12)</sup> | 1.00                 | 324                        | -                                     | 70   | 394               | 1.00                 | 351                      | 745               | 1.00                 | 366               |
| Vice President Cross Cancer Institute   | 1.00                 | 223                        | -                                     | 105  | 328               | -                    | -                        | 328               | 1.00                 | 311               |
| Vice President Medical Affairs & Community Oncology   | 1.00                 | 305                        | -                                     | 134  | 439               | -                    | -                        | 439               | 1.00                 | 395               |
| Associate Vice President and CIO  | 0.53                 | 215                        | -                                     | 69   | 284               | -                    | -                        | 284               | -                    | -                 |
| Vice President Population, Health & Information   | -                    | -                          | -                                     | 35   | 35                | -                    | -                        | 35                | 1.00                 | 473               |
| Vice President Tom Baker Cancer Clinic  | 1.00                 | 429                        | -                                     | 93   | 522               | -                    | -                        | 522               | 1.00                 | 490               |
| Vice President Research   | 0.60                 | 149                        | -                                     | 1  | 150               | -                    | -                        | 150               | 0.60                 | 137               |
| <b>Total Board and Executive</b>  | <b>16.53</b>         | <b>1,785</b>               | <b>61</b>                             | <b>552</b>                                 | <b>2,398</b>      | <b>2.00</b>          | <b>2,194</b>             | <b>4,592</b>      | <b>16.90</b>         | <b>2,958</b>      |
| <b>Management reporting to CEO Direct Reports</b>   | <b>28.93</b>         | <b>3,641</b>               | <b>36</b>                             | <b>504</b>                                 | <b>4,181</b>      | <b>1.00</b>          | <b>137</b>               | <b>4,318</b>      | <b>36.00</b>         | <b>4,207</b>      |
| Other management  | 388.02               | 29,390                     | 411                                   | 4,622                                      | 34,423            | 3.00                 | 135                      | 34,558            | 337.20               | 27,757            |
| Medical Doctors   | 22.90                | 6,651                      | 23                                    | 715  | 7,389             | 2.00                 | 219                      | 7,608             | 21.90                | 6,543             |
| <b>Regulated nurses:</b>  |                      |                            |                                       |  |                   |                      |                          |                   |                      |                   |
| - RNs, RPNs, Grad nurses  | 287.55               | 23,469                     | 1,355                                 | 4,227                                      | 29,051            | -                    | -                        | 29,051            | 263.80               | 27,150            |
| - LPNs  | 5.32                 | 277                        | 14                                    | 54   | 345               | -                    | -                        | 345               | 5.50                 | 239               |
| Other health technical & professionals  | 487.98               | 38,547                     | 2,074                                 | 6,506                                      | 47,127            | 1.00                 | 63                       | 47,190            | 460.20               | 43,685            |
| Unregulated health service providers  | -                    | -                          | -                                     | -  | -                 | -                    | -                        | -                 | -                    | -                 |
| Other staff   | 592.74               | 26,501                     | 902                                   | 4,655                                      | 32,058            | 2.00                 | 7                        | 32,065            | 528.70               | 25,547            |
| <b>Grand Total</b>  | <b>1,829.97</b>      | <b>\$ 130,261</b>          | <b>\$ 4,877</b>                       | <b>\$ 21,835</b>                           | <b>\$ 156,972</b> | <b>11.00</b>         | <b>\$ 2,755</b>          | <b>\$ 159,727</b> | <b>1,670.20</b>      | <b>\$ 138,086</b> |



**ALBERTA CANCER BOARD**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**March 31, 2009**

Schedule 2 (continued)

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each employee. Total actual discrete number of individuals employed: 2,902 (2008 - 2,251). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
  - a. Employer's current and prior service cost of the Supplemental Executive Retirement Plan reported in note 13 below.
  - b. Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition and:
  - c. Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay and travel allowances.
- (5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (6) Board Direct Reports reflect FTE's and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- (7) CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Any title changes subsequent to July 8, 2008 are noted below.
- (8) On July 8, 2008, the VP Operations of the Board was appointed the Interim Chief Operating Officer, Health Strategies Research & Design - Alberta Health Services. Salaries and benefits are reported in the accounts of the Board.
- (9) Automobile provided. No dollar amount included in other non-cash benefits.
- (10) On May 15, 2008, the Board's board, along with the other regional health authority boards, was replaced by the AHS interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- (11) On July 8, 2008 the Board's CEO was terminated. The Interim CEO - AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO - AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO - AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO - AHS are reported and disclosed in the financial statements of East Central Health.
- (12) The Chief Executive Officer of the ACB and the Interim Chief Operating Officer, Health Strategies Research & Design - AHS have not made an election regarding their Supplemental Executive Retirement Plan pension income arrangement.

**ALBERTA CANCER BOARD**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**March 31, 2009**

Schedule 2 (continued)

(13) Supplemental Executive Retirement Plan (SERP)

Under the terms of the Supplemental Executive Retirement Plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SERP provides future pension benefits to participants based on years of service and earnings.

**SUPPLEMENTAL EXECUTIVE RETIREMENT BENEFIT**

|  | 2009                 |                               |               | 2008          |
|--|----------------------|-------------------------------|---------------|---------------|
|  | Current Service Cost | Prior Service and Other Costs | Total         | Total         |
| Chief Executive Officer  | \$ 25                | \$ 309                        | \$ 334        | \$ 190        |
| Interim Chief Operating Officer, Health Strategies Research & Design - AHS | 42                   | 11                            | 53            | 46            |
| Vice President Tom Baker Cancer Centre                                     | 66                   | 5                             | 71            | 59            |
| Vice President Cross Cancer Institute                                      | 70                   | 35                            | 105           | 92            |
| Associate Vice President and CIO   | 56                   | 3                             | 59            | -             |
| Vice President Medical Affairs and Community Oncology                      | 70                   | 64                            | 134           | 118           |
| Other  | -                    | 37                            | 37            | 183           |
|  | <u>\$ 329</u>        | <u>\$ 464</u>                 | <u>\$ 793</u> | <u>\$ 688</u> |

The accrued obligation for each member under the SERP is outlined in the following table:

|  | Accrued Obligation March 31, 2008 | Changes in Accrued Obligation | Accrued Obligation March 31, 2009 |
|--|-----------------------------------|-------------------------------|-----------------------------------|
| Chief Executive Officer  | \$ 1,587                          | \$ 87                         | \$ 1,674                          |
| Interim Chief Operating Officer, Health Strategies Research & Design - AHS | 194                               | 16                            | 210                               |
| Vice President Tom Baker Cancer Centre                                     | 94                                | 44                            | 138                               |
| Vice President Cross Cancer Institute                                      | 391                               | 44                            | 435                               |
| Associate Vice President and CIO   | 26                                | 41                            | 67                                |
| Vice President Medical Affairs and Community Oncology                      | 609                               | (13)                          | 596                               |
| Other  | 597                               | (112)                         | 485                               |
|  | <u>\$ 3,498</u>                   | <u>\$ 107</u>                 | <u>\$ 3,605</u>                   |

(14) Total Staff Compensation:

|                                    | 2009                      | 2008              |
|------------------------------------|---------------------------|-------------------|
|                                    | (in thousands of dollars) |                   |
| Salaries and Benefits (Schedule 1) | \$ 159,189                | \$ 137,590        |
| Legal fees related to severance    | 10                        | -                 |
| Other Contracted Services          | 528                       | 496               |
|                                    | <u>\$ 159,727</u>         | <u>\$ 138,086</u> |



**HEALTH QUALITY COUNCIL OF ALBERTA**

**FINANCIAL STATEMENTS**

**MARCH 31, 2009**

Statement of Management Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries and Benefits

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

**MARCH 31, 2009**

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes to review internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

The Council members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Health Quality Council of Alberta Board for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow him to report on the fairness of the financial statements prepared by management.

[Original signed]

\_\_\_\_\_  
Chief Executive Officer  
Dr. John Cowell  
June 15, 2009

[Original signed]

\_\_\_\_\_  
Controller  
Tim Wall  
June 15, 2009



## Auditor's Report

To the Members of the Health Quality Council of Alberta  
and the Minister of Health and Wellness

I have audited the statement of financial position of the Health Quality Council of Alberta (the Council) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn]  
FCA  
Auditor General

Edmonton, Alberta  
June 15, 2009

## HEALTH QUALITY COUNCIL OF ALBERTA STATEMENT OF FINANCIAL POSITION

As at March 31, 2009  
(in thousands)

|  | 2009<br>Actual  | 2008<br>Actual  |
|--|-----------------|-----------------|
| <b>ASSETS</b>                            |                 |                 |
| Current:                                 |                 |                 |
| Cash and cash equivalents                | \$ 1,649        | \$ 2,003        |
| Accounts receivable                      | 154             | 97              |
| Inventories                              | -               | 62              |
| Prepaid expenses                         | 1               | 2               |
|  | <u>1,804</u>    | <u>2,164</u>    |
| Capital assets (Note 3)                  | 76              | 27              |
| <b>TOTAL ASSETS</b>                      | <b>\$ 1,880</b> | <b>\$ 2,191</b> |
| <b>LIABILITIES AND NET ASSETS</b>        |                 |                 |
| Current:                                 |                 |                 |
| Accounts payable and accrued liabilities | \$ 428          | \$ 531          |
| Accrued vacation payable                 | 128             | 91              |
| Deferred contributions (Note 4)          | 808             | 1,026           |
|  | <u>1,364</u>    | <u>1,648</u>    |
| Net assets:                              |                 |                 |
| Accumulated surplus (Note 6)             | 440             | 443             |
| Internally restricted                    | -               | 73              |
| Investment in capital assets             | 76              | 27              |
|  | <u>516</u>      | <u>543</u>      |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>\$ 1,880</b> | <b>\$ 2,191</b> |

The accompanying notes and schedules are part of these financial statements.

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**STATEMENT OF OPERATIONS**  
**For the year ended March 31, 2009**  
(in thousands)

|  | 2009         |              | 2008         |
|--|--------------|--------------|--------------|
|  | Budget       | Actual       | Actual       |
|  | (Note 8)     |              |              |
| Revenue:   |              |              |              |
| Alberta Health and Wellness contributions (Note 9) | \$ 5,052     | \$ 4,243     | \$ 3,804     |
| Investment and other income (Note 10)              | 65           | 185          | 593          |
| <b>TOTAL REVENUE</b>                               | <b>5,117</b> | <b>4,428</b> | <b>4,397</b> |
| Expenses (Schedule 1):                             |              |              |              |
| Administration                                     | 5,089        | 4,314        | 4,100        |
| Information technology                             | 101          | 141          | 56           |
| <b>TOTAL EXPENSES</b>                              | <b>5,190</b> | <b>4,455</b> | <b>4,156</b> |
| (Deficiency) excess of revenue over expense        | \$ (73)      | \$ (27)      | \$ 241       |

The accompanying notes and schedules are part of these financial statements.

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**STATEMENT OF CHANGES IN NET ASSETS**

**For the year ended March 31, 2009**

**(in thousands)**

|  | 2009                     |                                      |                                 |        | 2008   |
|--|--------------------------|--------------------------------------|---------------------------------|--------|--------|
|  | Unrestricted<br>(Note 6) | Internally<br>Restricted<br>(Note 6) | Investment in<br>capital assets | Total  | Total  |
| Balance at March 31, 2008                        | \$ 443                   | \$ 73                                | \$ 27                           | \$ 543 | \$ 302 |
| (Deficiency) excess of revenue over expense      | (27)                     | -                                    | -                               | (27)   | 241    |
| Transfer from internally restricted              | 73                       | (73)                                 | -                               | -      | -      |
| Capital assets purchased with internal funds     | (142)                    | -                                    | 142                             | -      | -      |
| Amortization of internally funded capital assets | 93                       | -                                    | (93)                            | -      | -      |
| Balance at end of year                           | \$ 440                   | \$ -                                 | \$ 76                           | \$ 516 | \$ 543 |

The accompanying notes and schedules are part of these financial statements.



**HEALTH QUALITY COUNCIL OF ALBERTA**  
**STATEMENT OF CASH FLOWS**  
**For the year ended March 31, 2009**  
(In thousands)

|  | 2009           |                 | 2008            |
|--|----------------|-----------------|-----------------|
|  | Budget         | Actual          | Actual          |
| Cash generated from (used by):                   |                |                 |                 |
| Operating activities:                            |                |                 |                 |
| (Deficiency) excess of revenue over expenses     | \$ (73)        | \$ (27)         | \$ 241          |
| Non-cash transactions:                           |                |                 |                 |
| Amortization (Note 3)                            | 27             | 93              | 45              |
| Changes in non-cash working capital account      | (1,203)        | (278)           | 1,305           |
| Cash (used by) generated from operations         | <u>(1,249)</u> | <u>(212)</u>    | <u>1,591</u>    |
| Investing activities:                            |                |                 |                 |
| Purchase of capital assets:                      |                |                 |                 |
| internally funded                                | <u>(100)</u>   | <u>(142)</u>    | <u>(5)</u>      |
| Cash used by investing activities                | <u>(100)</u>   | <u>(142)</u>    | <u>(5)</u>      |
| (Decrease) increase in cash and cash equivalents | (1,349)        | (354)           | 1,586           |
| Cash and cash equivalents, beginning of year     | <u>2,003</u>   | <u>2,003</u>    | <u>417</u>      |
| Cash and cash equivalents, end of year           | <u>\$ 654</u>  | <u>\$ 1,649</u> | <u>\$ 2,003</u> |

The accompanying notes and schedules are part of these financial statements.

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2009**  
(In thousands)

**Note 1 Authority, Purpose and Operations**

The Health Quality Council of Alberta (the "Council") was established July 1, 2006 under the Alberta Regional Health Authorities Act, is considered a non-profit organization under the Income Tax Act and exempt from payment of income tax.

The Council is engaged in promoting and improving patient safety and health service quality across Alberta.

**Note 2 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

- (1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.
- (2) These financial statements use the deferral method, key elements of which are:
  - (i) Unrestricted contributions are recognized as revenue in the year receivable.
  - (ii) Restricted non-capital contributions are recognized as revenue in the year the related expenses are incurred.
  - (iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.
  - (iv) Unrestricted investment income is recognized as revenue when earned.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(b) Capital Disclosure**

Effective April 1, 2008, the Council implemented new capital disclosure requirements per section 1535 of the CICA Handbook.

The Council's objectives for managing capital are:

- In the short term to safeguard the Council's financial ability to continue to deliver services and
- In the long term to plan to meet future needs for the Council's services.

The majority of the Council's operating funds are from Alberta Health and Wellness which are paid quarterly. As a result, significantly less working capital is required. The Council monitors its working capital and cash flow forecasts.

**(c) Full cost**

The Council accounts for all costs of services for which it is responsible. Fair value transactions comprise of:

- (i) Assets, supplies and services the Council would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined.

**(d) Employee Future Benefits**

The Council participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where information is insufficient to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plans.

The Council does not record its portion of the plan's deficit or surplus.

**(e) Investments**

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(f) Financial Instruments**

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. "Loans and receivables" and financial liabilities are classified as "other financial liabilities" and are measured at amortized cost using the effective interest method.

The Council has classified its financial assets and financial liabilities as follows:

| <u>Financial Assets and Liabilities</u> | <u>Classification</u>       |
|---|-----------------------------|
| Cash and cash equivalents               | held for trading            |
| Accounts receivable                     | loans and receivables       |
| Accounts payable                        | other financial liabilities |

The Council does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Council as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

**(g) Inventories**

All inventories are valued at the lower of cost, using first in first out, or net realizable value.

**(h) Capital Assets**

Capital assets are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

|                    | <u>Useful Life</u> |
|--------------------|--------------------|
| Computer Equipment | 2 years            |
| Information System | 2 years            |
| Furniture          | 3 years            |

Capital assets with unit costs less than five thousand dollars are expensed.

**(i) Measurement Uncertainty**

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets are based on estimates of the useful life of the related assets. Actual results could differ from estimates.

### Note 3 Capital Assets

#### Cost

| Capital Asset      | Opening Balance April 1, 2008 | Additions | Disposals | Closing Balance March 31, 2009 |
|--------------------|-------------------------------|-----------|-----------|--------------------------------|
| Computer Equipment | \$ 88                         | \$ 10     | \$ -      | 98                             |
| Information System | -                             | 102       | -         | 102                            |
| Furniture          | -                             | 30        | -         | 30                             |
|                    | \$ 88                         | \$ 142    | \$ -      | \$ 230                         |

#### Accumulated Amortization

|                    | Opening Balance April 1, 2008 | Current year amortization | Amortization on Disposals | Closing Balance March 31, 2009 | Net Book Value 2009 | Net Book Value 2008 |
|--------------------|-------------------------------|---------------------------|---------------------------|--------------------------------|---------------------|---------------------|
| Computer Equipment | \$ 61                         | \$ 32                     | \$ -                      | \$ 93                          | \$ 5                | \$ 27               |
| Information System | -                             | 51                        | -                         | 51                             | 51                  | -                   |
| Furniture          | -                             | 10                        | -                         | 10                             | 20                  | -                   |
| Total              | \$ 61                         | \$ 93                     | \$ -                      | \$ 154                         | \$ 76               | \$ 27               |

### Note 4 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

|                                | 2009   | 2008     |
|--------------------------------|--------|----------|
| Current                        |        |          |
| Long Term Care Survey          | \$ 33  | \$ 199   |
| Research on Quality and Safety | 250    | 250      |
| Medication Management          | 525    | 577      |
| Total                          | \$ 808 | \$ 1,026 |

### Note 5 Pension Expense

The Council participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to Health Quality Council of Alberta's annual contributions payable of \$119 for the year ended March 31, 2009 (2008 \$77).

At December 31, 2008, the Local Authorities Pension Plan reported a deficiency of \$4,413,971 (2007 deficiency \$1,183,334).

### Note 6 Accumulated Surplus

The Council's accumulated surplus comprises the following:

|   | 2009   | 2008   |
|---|--------|--------|
| Unrestricted net assets                                 | \$ 440 | \$ 443 |
| Internally restricted net assets                        |        |        |
| Amounts appropriated for critical incident review       | -      | 235    |
| Amounts appropriated for University of Alberta contract | 73     | 73     |
| Current year use  | (73)   | (235)  |
| Sub-total - internally restricted net assets            | -      | 73     |
|   | \$ 440 | \$ 516 |

### Note 7 Commitments and Contingencies

The Health Quality Council of Alberta is committed to contract payments in future years as follows:

|             |        |
|-------------|--------|
| 2009 / 2010 | \$ 734 |
| 2010 / 2011 | 734    |
| 2011 / 2012 | 343    |
| 2012 / 2013 | 71     |
| 2013 / 2014 | 30     |

An "Assignment of Partial Leasehold Interest" agreement was put into place for April 01, 2007 to June 30, 2011. This commits the Health Quality Council of Alberta to annual rent in the amount of \$132 and additional rent, subject to adjustment in accordance with the lease of \$94 annually.

Health Quality Council of Alberta signed a 5 year lease for office space in Edmonton with annual rent in the amount of \$47 and additional rent, subject to adjustment in accordance with the lease of \$20 annually.

Health Quality Council of Alberta has a commitment with Dr. John W. Cowell Consulting Ltd. to receive executive oversight. The value of the commitment as at March 31, 2009 is \$36 per month and extends until September 2011.

### Note 8 Budget

The budget was approved by the Board on June 26, 2008, and submitted to the Minister of Health and Wellness.

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**For the year ended March 31, 2009**  
(in thousands)

|   | 2009            |                 | 2008            |
|---|-----------------|-----------------|-----------------|
|   | Budget          | Actual          | Actual          |
| Salaries and Benefits (Schedule 2)      | \$ 1,960        | \$ 2,078        | \$ 1,560        |
| Other *                                 | 3,204           | 2,284           | 2,551           |
| Amortization:                           |                 |                 |                 |
| Capital equipment - internally funded   | 26              | 93              | 45              |
|   | <u>\$ 5,190</u> | <u>\$ 4,455</u> | <u>\$ 4,156</u> |
| *Other:                                 |                 |                 |                 |
| Office, general supplies, miscellaneous | \$ 569          | \$ 474          | \$ 560          |
| Referred-out services                   | 1,702           | 1,177           | 1,456           |
| Studentships / Grants                   | 250             | 214             | 157             |
| Lease, Fees and Minor Equipment         | 332             | 278             | 322             |
| Research                                | 250             | -               | -               |
| Information Technology                  | 101             | 141             | 56              |
|   | <u>\$ 3,204</u> | <u>\$ 2,284</u> | <u>\$ 2,551</u> |

**Note 9 Alberta Health and Wellness Contributions**

|                                       | 2009            | 2008            |
|---------------------------------------|-----------------|-----------------|
| Unrestricted contributions            | \$ 4,026        | \$ 3,230        |
| Transfers from deferred contributions | 217             | 574             |
|                                       | <u>\$ 4,243</u> | <u>\$ 3,804</u> |

**Note 10 Investment and other income**

|                   | 2009          | 2008          |
|-------------------|---------------|---------------|
| Investment income | \$ 41         | \$ 73         |
| Other revenue     | 144           | 520           |
|                   | <u>\$ 185</u> | <u>\$ 593</u> |

Investment income comprises of bank interest.

**Note 11 Related Parties****(a) Province of Alberta and Health Regions**

The Minister of Health and Wellness appoints the members of the Health Quality Council of Alberta. The Council is economically dependent on the Ministry of Health and Wellness since the viability of its operations depends on contributions from the Ministry.

The Council had the following transactions with other health regions recorded in the Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

| Region                                   | 2009          |              |               |             | 2008          |              |             |             |
|--|---------------|--------------|---------------|-------------|---------------|--------------|-------------|-------------|
|  | Revenue       | Expense      | Receivable    | Payable     | Revenue       | Expense      | Receivable  | Payable     |
| Alberta Mental Health Board              | \$ -          | \$ 2         | \$ -          | \$ -        | -             | -            | -           | -           |
| Aspen Regional Health Authority          | 2             | -            | -             | -           | -             | -            | -           | -           |
| Calgary Health Region                    | 6             | 44           | 2             | -           | 514           | 26           | -           | 9           |
| Capital Health                           | 1             | -            | -             | -           | 5             | -            | -           | -           |
| Chinook Regional Health Authority        | 2             | -            | -             | -           | -             | -            | -           | -           |
| David Thompson Regional Health Authority | 4             | 1            | -             | -           | -             | -            | -           | -           |
| East Central Health                      | 2             | 2            | -             | -           | 5             | -            | -           | -           |
| Northern Lights Health Region            | 3             | -            | -             | -           | 2             | -            | -           | -           |
| Palliser Health Region                   | 3             | -            | -             | -           | -             | -            | -           | -           |
| Alberta Cancer Board                     | 104           | -            | 103           | -           | 1             | -            | -           | -           |
| <b>Total</b>                             | <b>\$ 127</b> | <b>\$ 49</b> | <b>\$ 105</b> | <b>\$ -</b> | <b>\$ 527</b> | <b>\$ 26</b> | <b>\$ -</b> | <b>\$ 9</b> |

**Note 12 Comparative Figures**

Certain 2008 figures have been reclassified to match their 2009 presentation.

**Note 13 Approval of Financial Statements**

These financial statements have been approved by the Health Quality Council of Alberta Board.

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**SCHEDULE OF SALARIES AND BENEFITS**

**For the year ended March 31, 2009**

(in thousands)

|   | 2009                  |                    |   |                                      |           |                       |           | 2008     |                                |
|---|-----------------------|--------------------|---|--------------------------------------|-----------|-----------------------|-----------|----------|--------------------------------|
|   | (1)<br>Number of FTEs | Base Salary<br>(2) | Honoraria<br>and Other<br>Cash<br>Benefits<br>(3) | Other<br>Non-Cash<br>Benefits<br>(4) | Sub Total | (1)<br>Number of FTEs | Severance | Total    | (1)<br>Number of FTEs<br>Total |
| <b>Council Chair</b>                                  |                       |                    |   |                                      |           |                       |           |          |                                |
| L. Tyrrell  | -                     | \$ -               | \$ 15   | \$ -                                 | \$ 15     | -                     | \$ -      | \$ 15    | - \$ 13                        |
| <b>Board members</b>                                  |                       |                    |   |                                      |           |                       |           |          |                                |
| Vacant  | -                     | -                  | -   | -                                    | -         | -                     | -         | -        | - -                            |
| B. Johnston   | -                     | -                  | -   | -                                    | -         | -                     | -         | -        | - 1                            |
| T. Klassen  | -                     | -                  | 1   | -                                    | 1         | -                     | -         | 1        | - 2                            |
| B. Laing  | -                     | -                  | 6   | -                                    | 6         | -                     | -         | 6        | - 14                           |
| M. Lee  | -                     | -                  | 6   | -                                    | 6         | -                     | -         | 6        | - 3                            |
| P. Norton   | -                     | -                  | 1   | -                                    | 1         | -                     | -         | 1        | - 1                            |
| L. Steinman   | -                     | -                  | 8   | -                                    | 8         | -                     | -         | 8        | - 5                            |
| D. Tupper   | -                     | -                  | 5   | -                                    | 5         | -                     | -         | 5        | - 5                            |
| P. Pelton   | -                     | -                  | 1   | -                                    | 1         | -                     | -         | 1        | - -                            |
| D. Schoppflicher                                      | -                     | -                  | -   | -                                    | -         | -                     | -         | -        | - -                            |
| C. Skappak  | -                     | -                  | -   | -                                    | -         | -                     | -         | -        | - -                            |
| <b>Sub-total</b>                                      | -                     | -                  | 28  | -                                    | 28        | -                     | -         | 28       | - 31                           |
| <b>Board Direct Report</b>                            |                       |                    |   |                                      |           |                       |           |          |                                |
| Chief Executive Officer <sup>(5)</sup>                | 1.0                   | 415                | 24  | -                                    | 439       | -                     | -         | 439      | 1.0 424                        |
| <b>Management reporting to CEO:</b>                   |                       |                    |   |                                      |           |                       |           |          |                                |
| Executive Director                                    | 1.0                   | 135                | 8   | 19                                   | 162       | -                     | -         | 162      | 1.0 147                        |
| Patient Safety Lead <sup>(6)</sup>                    | 1.0                   | 123                | 6   | 17                                   | 146       | -                     | -         | 146      | - -                            |
| Controller <sup>(7)</sup>                             | 1.0                   | 115                | 4   | 16                                   | 135       | -                     | -         | 135      | - -                            |
| <b>Sub-total</b>                                      | 3.0                   | 373                | 18  | 52                                   | 443       | -                     | -         | 443      | 1.0 147                        |
| <b>Total Board and Executive</b>                      | 4.0                   | 788                | 85  | 52                                   | 925       | -                     | -         | 925      | 2.0 615                        |
| <b>Other staff reporting directly to those above:</b> |                       |                    |   |                                      |           |                       |           |          |                                |
| Management  | 6.4                   | 649                | 26  | 118                                  | 793       | -                     | -         | 793      | 6.4 680                        |
| Staff   | 7.8                   | 295                | 6   | 59                                   | 360       | -                     | -         | 360      | 4.8 265                        |
| <b>Sub-total</b>                                      | 14.2                  | 944                | 32  | 177                                  | 1,153     | -                     | -         | 1,153    | 11.2 945                       |
| <b>Grand Total</b>                                    | 18.2                  | \$ 1,732           | \$ 117  | \$ 229                               | \$ 2,078  | -                     | -         | \$ 2,078 | 13.2 \$ 1,560                  |

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**For the year ended March 31, 2009**

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee.  
 Total actual discrete number of individuals employed\*: 19 (2008 - 14).  
 "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
  - a. Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition and;
  - b. Employer's share of the cost of additional benefits including financial planning services and retirement planning services.
- (5) The Council's Chief Executive Officer (CEO) is retained through a 5 year contract, which holds the Council harmless of any related overtime, benefits or supplementary retirement.
- (6) Position modified to report directly to CEO April 1, 2008.
- (7) Position established April 1, 2008.



## Alphabetical List of Entities' Financial Statements in Ministry 2008/2009 Annual Reports

### Entities Included in the Consolidated Government Reporting Entity

| <i>Ministry, Department, Fund or Agency</i>                      | <i>Ministry Annual Report</i>         |
|--|---------------------------------------|
| Access to the Future Fund  | Advanced Education and Technology     |
| Agriculture Financial Services Corporation                       | Agriculture and Rural Development     |
| Alberta Alcohol and Drug Abuse Commission                        | Health and Wellness                   |
| Alberta Cancer Prevention Legacy Fund                            | Finance and Enterprise                |
| Alberta Capital Finance Authority                                | Finance and Enterprise                |
| Alberta Energy and Utilities Board <sup>1</sup>                  | Energy                                |
| Alberta Enterprise Corporation <sup>2</sup>                      | Advanced Education and Technology     |
| Alberta Foundation for the Arts                                  | Culture and Community Spirit          |
| Alberta Gaming and Liquor Commission                             | Solicitor General and Public Security |
| Alberta Heritage Foundation for Medical Research Endowment Fund  | Finance and Enterprise                |
| Alberta Heritage Savings Trust Fund                              | Finance and Enterprise                |
| Alberta Heritage Scholarship Fund                                | Finance and Enterprise                |
| Alberta Heritage Science and Engineering Research Endowment Fund | Finance and Enterprise                |
| Alberta Historical Resources Foundation                          | Culture and Community Spirit          |
| Alberta Insurance Council  | Finance and Enterprise                |
| Alberta Investment Management Corporation <sup>3</sup>           | Finance and Enterprise                |
| Alberta Livestock and Meat Agency <sup>4</sup>                   | Agriculture and Rural Development     |
| Alberta Local Authorities Pension Plan Corporation               | Finance and Enterprise                |
| Alberta Pensions Administration Corporation                      | Finance and Enterprise                |
| Alberta Petroleum Marketing Commission                           | Energy                                |
| Alberta Research Council Inc.                                    | Advanced Education and Technology     |
| Alberta Risk Management Fund                                     | Finance and Enterprise                |
| Alberta School Foundation Fund                                   | Education                             |
| Alberta Securities Commission                                    | Finance and Enterprise                |
| Alberta Social Housing Corporation                               | Housing and Urban Affairs             |

<sup>1</sup> Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.

<sup>2</sup> The Act was proclaimed and came into force on December 5, 2008.

<sup>3</sup> Began operations July 1, 2008.

<sup>4</sup> Incorporated on January 29, 2009

## Entities Included in the Consolidated Government Reporting Entity

| <i>Ministry, Department, Fund or Agency</i>               | <i>Ministry Annual Report</i>     |
|---|-----------------------------------|
| Alberta Sport, Recreation, Parks and Wildlife Foundation  | Tourism, Parks and Recreation     |
| Alberta Treasury Branches                                 | Finance and Enterprise            |
| Alberta Utilities Commission <sup>1</sup>                 | Energy                            |
| ATB Insurance Advisors Inc.                               | Finance and Enterprise            |
| ATB Investment Management Inc.                            | Finance and Enterprise            |
| ATB Investment Services Inc.                              | Finance and Enterprise            |
| ATB Securities Inc.                                       | Finance and Enterprise            |
| Child and Family Services Authorities:                    | Children and Youth Services       |
| Calgary and Area Child and Family Services Authority      |                                   |
| Central Alberta Child and Family Services Authority       |                                   |
| East Central Alberta Child and Family Services Authority  |                                   |
| Edmonton and Area Child and Family Services Authority     |                                   |
| North Central Alberta Child and Family Services Authority |                                   |
| Northeast Alberta Child and Family Services Authority     |                                   |
| Northwest Alberta Child and Family Services Authority     |                                   |
| Southeast Alberta Child and Family Services Authority     |                                   |
| Southwest Alberta Child and Family Services Authority     |                                   |
| Métis Settlements Child and Family Services Authority     |                                   |
| C-FER Technologies (1999) Inc.                            | Advanced Education and Technology |
| Climate Change and Emissions Management Fund <sup>5</sup> | Environment                       |
| Credit Union Deposit Guarantee Corporation                | Finance and Enterprise            |

<sup>1</sup> Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.

<sup>5</sup> Began operations July 1, 2007.

## Entities Included in the Consolidated Government Reporting Entity

| <i>Ministry, Department, Fund or Agency</i>         | <i>Ministry Annual Report</i>         |
|---|---------------------------------------|
| Colleges:   | Advanced Education and Technology     |
| Alberta College of Art and Design                   |                                       |
| Bow Valley College                                  |                                       |
| Grande Prairie Regional College                     |                                       |
| Grant MacEwan College                               |                                       |
| Keyano College                                      |                                       |
| Lakeland College                                    |                                       |
| Lethbridge Community College                        |                                       |
| Medicine Hat College                                |                                       |
| Mount Royal College                                 |                                       |
| NorQuest College                                    |                                       |
| Northern Lakes College                              |                                       |
| Olds College  |                                       |
| Portage College                                     |                                       |
| Red Deer College                                    |                                       |
| Department of Advanced Education and Technology     | Advanced Education and Technology     |
| Department of Agriculture and Rural Development     | Agriculture and Rural Development     |
| Department of Children and Youth Services           | Children and Youth Services           |
| Department of Culture and Community Spirit          | Culture and Community Spirit          |
| Department of Education                             | Education                             |
| Department of Energy                                | Energy                                |
| Department of Finance and Enterprise                | Finance and Enterprise                |
| Department of Environment                           | Environment                           |
| Department of Health and Wellness                   | Health and Wellness                   |
| Department of Housing and Urban Affairs             | Housing and Urban Affairs             |
| Department of Municipal Affairs                     | Municipal Affairs                     |
| Department of Seniors and Community Supports        | Seniors and Community Supports        |
| Department of Solicitor General and Public Security | Solicitor General and Public Security |
| Department of Sustainable Resource Development      | Sustainable Resource Development      |
| Department of Tourism, Parks and Recreation         | Tourism, Parks and Recreation         |
| Energy Resources Conservation Board <sup>1</sup>    | Energy                                |
| Environmental Protection and Enhancement Fund       | Sustainable Resource Development      |
| Gainers Inc.  | Finance and Enterprise                |

<sup>1</sup> Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.

## Entities Included in the Consolidated Government Reporting Entity

| <i>Ministry, Department, Fund or Agency</i>                               | <i>Ministry Annual Report</i>                     |
|---|---|
| Government House Foundation   | Culture and Community Spirit                      |
| Historic Resources Fund   | Culture and Community Spirit                      |
| Human Rights, Citizenship and Multiculturalism<br>Education Fund          | Culture and Community Spirit                      |
| iCORE Inc.  | Advanced Education and Technology                 |
| Lottery Fund  | Solicitor General and Public Security             |
| Ministry of Aboriginal Relations <sup>6</sup>                             | Aboriginal Relations                              |
| Ministry of Advanced Education and Technology                             | Advanced Education and Technology                 |
| Ministry of Agriculture and Rural Development                             | Agriculture and Rural Development                 |
| Ministry of Children and Youth Services                                   | Children and Youth Services                       |
| Ministry of Culture and Community Spirit                                  | Culture and Community Spirit                      |
| Ministry of Education   | Education   |
| Ministry of Employment and Immigration <sup>6</sup>                       | Employment and Immigration                        |
| Ministry of Energy  | Energy  |
| Ministry of Environment   | Environment                                       |
| Ministry of Executive Council <sup>6</sup>                                | Executive Council                                 |
| Ministry of Finance and Enterprise  | Finance and Enterprise                            |
| Ministry of Health and Wellness   | Health and Wellness                               |
| Ministry of Housing and Urban Affairs                                     | Housing and Urban Affairs                         |
| Ministry of Infrastructure <sup>6</sup>                                   | Infrastructure                                    |
| Ministry of International and Intergovernmental<br>Relations <sup>6</sup> | International, and Intergovernmental<br>Relations |
| Ministry of Justice <sup>6</sup>  | Justice   |
| Ministry of Municipal Affairs   | Municipal Affairs                                 |
| Ministry of Seniors and Community Supports                                | Seniors and Community Supports                    |
| Ministry of Service Alberta <sup>6</sup>                                  | Service Alberta                                   |
| Ministry of Solicitor General and Public Security                         | Solicitor General and Public Security             |
| Ministry of Sustainable Resource Development                              | Sustainable Resource Development                  |
| Ministry of Tourism, Parks, and Recreation                                | Tourism, Parks, and Recreation                    |
| Ministry of Transportation <sup>6</sup>                                   | Transportation                                    |
| Ministry of the Treasury Board <sup>6</sup>                               | Treasury Board                                    |
| N.A. Properties (1994) Ltd.   | Finance and Enterprise                            |
| Natural Resources Conservation Board                                      | Sustainable Resource Development                  |

<sup>6</sup> ministry includes only the departments so separate financial statements are not necessary.

## Entities Included in the Consolidated Government Reporting Entity

| <i>Ministry, Department, Fund or Agency</i>               | <i>Ministry Annual Report</i>  |
|---|--------------------------------|
| Persons with Developmental Disabilities Community Boards: | Seniors and Community Supports |
| Calgary Region Community Board                            |                                |
| Central Region Community Board                            |                                |
| Edmonton Region Community Board                           |                                |
| Northeast Region Community Board                          |                                |
| Northwest Region Community Board                          |                                |
| South Region Community Board                              |                                |
| Provincial Judges and Masters in Chambers Reserve Fund    | Finance and Enterprise         |
| Regional Health Authorities and Provincial Health Boards: | Health and Wellness            |
| Alberta Cancer Board                                      |                                |
| Alberta Mental Health Board                               |                                |
| Aspen Regional Health Authority                           |                                |
| Calgary Health Region                                     |                                |
| Capital Health  |                                |
| Chinook Regional Health Authority                         |                                |
| David Thompson Regional Health Authority                  |                                |
| East Central Health                                       |                                |
| Health Quality Council of Alberta                         |                                |
| Northern Lights Health Region                             |                                |
| Peace Country Health                                      |                                |
| Palliser Health Region                                    |                                |
| Safety Codes Council                                      | Municipal Affairs              |
| School Boards and Charter Schools:                        | Education                      |
| Almadina School Society                                   |                                |
| Aspen View Regional Division No. 19                       |                                |
| Aurora School Ltd.  |                                |
| Battle River Regional Division No. 31                     |                                |
| Black Gold Regional Division No. 18                       |                                |
| Boyle Street Education Centre                             |                                |
| Buffalo Trail Public Schools Regional Division No. 28     |                                |



## Entities Included in the Consolidated Government Reporting Entity

| <i>Ministry, Department, Fund or Agency</i>                                | <i>Ministry Annual Report</i> |
|--|-------------------------------|
| Calgary Arts Academy Society   |                               |
| Calgary Girls' School Society  |                               |
| Calgary Roman Catholic Separate School District<br>No. 1                   |                               |
| Calgary School District No. 19   |                               |
| Calgary Science School Society   |                               |
| Canadian Rockies Regional Division No. 12                                  |                               |
| CAPE-Centre for Academic and Personal<br>Excellence Institute              |                               |
| Chinook's Edge School Division No. 73                                      |                               |
| Christ the Redeemer Catholic Separate Regional<br>Division No. 3           |                               |
| Clearview School Division No. 71   |                               |
| East Central Alberta Catholic Separate Schools<br>Regional Division No. 16 |                               |
| East Central Francophone Education Region No. 3                            |                               |
| Edmonton Catholic Separate School District No. 7                           |                               |
| Edmonton School District No. 7   |                               |
| Elk Island Catholic Separate Regional Division<br>No. 41                   |                               |
| Elk Island Public Schools Regional Division No. 14                         |                               |
| Evergreen Catholic Separate Regional Division<br>No. 2                     |                               |
| FFCA Charter School Society  |                               |
| Foothills School Division No. 38   |                               |
| Fort McMurray Roman Catholic Separate School<br>District No. 32            |                               |
| Fort McMurray School District No. 2833                                     |                               |
| Fort Vermilion School Division No. 52                                      |                               |
| Golden Hills School Division No. 75  |                               |
| Grande Prairie Public School District No. 2357                             |                               |
| Grande Prairie Roman Catholic Separate School<br>District No. 28           |                               |
| Grande Yellowhead Regional Division No. 35                                 |                               |



## Entities Included in the Consolidated Government Reporting Entity

### *Ministry, Department, Fund or Agency*

### *Ministry Annual Report*

Grasslands Regional Division No. 6  
 Greater North Central Francophone Education  
 Region No. 2  
 Greater Southern Public Francophone Education  
 Region No. 4  
 Greater Southern Separate Catholic Francophone  
 Education Region No. 4  
 Greater St. Albert Catholic Regional Division  
 No. 29  
 High Prairie School Division No. 48  
 Holy Family Catholic Regional Division No. 37  
 Holy Spirit Roman Catholic Separate Regional  
 Division No. 4  
 Horizon School Division No. 67  
 Lakeland Roman Catholic Separate School District  
 No. 150  
 Lethbridge School District No. 51  
 Living Waters Catholic Regional Division No. 42  
 Livingstone Range School Division No. 68  
 Medicine Hat Catholic Separate Regional Division  
 No. 20  
 Medicine Hat School District No. 76  
 Moberly Hall School Society  
 Mother Earth's Children's Charter School Society  
 New Horizons Charter School Society  
 Northern Gateway Regional Division No. 10  
 Northern Lights School Division No. 69  
 Northland School Division No. 61  
 Northwest Francophone Education Region No. 1  
 Palliser Regional Division No. 26  
 Parkland School Division No. 70  
 Peace River School Division No. 10  
 Peace Wapiti School Division No. 76  
 Pembina Hills Regional Division No. 7

## Entities Included in the Consolidated Government Reporting Entity

| <i>Ministry, Department, Fund or Agency</i>                            | <i>Ministry Annual Report</i>         |
|--|---------------------------------------|
| Prairie Land Regional Division No. 25                                  |                                       |
| Prairie Rose School Division No. 8                                     |                                       |
| Red Deer Catholic Regional Division No. 39                             |                                       |
| Red Deer School District No. 104                                       |                                       |
| Rocky View School Division No. 41                                      |                                       |
| St. Albert Protestant Separate School District No. 6                   |                                       |
| St. Paul Education Regional Division No. 1                             |                                       |
| St. Thomas Aquinas Roman Catholic Separate<br>Regional Division No. 38 |                                       |
| Sturgeon School Division No. 24  |                                       |
| Suzuki Charter School Society  |                                       |
| Westmount Charter School Society                                       |                                       |
| Westwind School Division No. 74  |                                       |
| Wetaskiwin Regional Division No. 11                                    |                                       |
| Wild Rose School Division No. 66                                       |                                       |
| Wolf Creek School Division No. 72                                      |                                       |
| Supplementary Retirement Plan Reserve Fund                             | Finance and Enterprise                |
| Technical Institutes and The Banff Centre:                             | Advanced Education and Technology     |
| Northern Alberta Institute of Technology                               |                                       |
| Southern Alberta Institute of Technology                               |                                       |
| The Banff Centre for Continuing Education                              |                                       |
| Universities:  | Advanced Education and Technology     |
| Athabasca University   |                                       |
| The University of Alberta  |                                       |
| The University of Calgary  |                                       |
| The University of Lethbridge   |                                       |
| Victims of Crime Fund  | Solicitor General and Public Security |
| The Wild Rose Foundation   | Culture and Community Spirit          |

## Entities Not Included in the Consolidated Government Reporting Entity

| <i>Fund or Agency</i>   | <i>Ministry Annual Report</i>     |
|---|-----------------------------------|
| Alberta Foundation for Health Research  | Advanced Education and Technology |
| Alberta Heritage Foundation for Medical Research                                  | Advanced Education and Technology |
| Alberta Heritage Foundation for Science and Engineering Research                  | Advanced Education and Technology |
| Alberta Teachers' Retirement Fund Board   | Education                         |
| Improvement Districts' Trust Account  | Municipal Affairs                 |
| Local Authorities Pension Plan  | Finance and Enterprise            |
| Long-Term Disability Income Continuance Plan — Bargaining Unit                    | Treasury Board                    |
| Long-Term Disability Income Continuance Plan — Management, Opted Out and Excluded | Treasury Board                    |
| Management Employees Pension Plan   | Finance and Enterprise            |
| Provincial Judges and Masters in Chambers (Registered) Pension Plan               | Finance and Enterprise            |
| Public Service Management (Closed Membership) Pension Plan                        | Finance and Enterprise            |
| Public Service Pension Plan   | Finance and Enterprise            |
| Special Areas Trust Account   | Municipal Affairs                 |
| Special Forces Pension Plan   | Finance and Enterprise            |
| Supplementary Retirement Plan for Public Service Managers                         | Finance and Enterprise            |
| Workers' Compensation Board   | Employment and Immigration        |

## Ministry Contacts

For further information regarding the contents of this annual report  
please contact:

| <i>Position</i>   | <i>Name</i>        | <i>Phone Number</i>               |
|---|--------------------|-----------------------------------|
| Minister of<br>Health and Wellness  | Ron Liepert        | 780-427-3665<br>Fax: 780-415-0961 |
| Deputy Minister of<br>Health and Wellness   | Linda Miller       | 780-422-0747<br>Fax: 780-427-1016 |
| Community and Population Health<br>Assistant Deputy Minister  | Margaret King      | 780-427-7142<br>Fax: 780-422-3671 |
| Corporate Support<br>Acting Assistant Deputy Minister   | Martin Chamberlain | 780-427-0885<br>Fax: 780-422-3672 |
| Financial Accountability<br>Acting Assistant Deputy Minister  | Martin Chamberlain | 780-427-0885<br>Fax: 780-422-3672 |
| Health Policy and Service Standards<br>Assistant Deputy Minister  | Susan Williams     | 780-427-2653<br>Fax: 780-415-0570 |
| Health System Performance and Information<br>Management Acting Assistant Deputy<br>Minister and Chief Information Officer | Mark Brisson       | 780-427-5280<br>Fax: 780-422-5176 |
| Health Workforce<br>Assistant Deputy Minister   | Glenn Monteith     | 780-427-3274<br>Fax: 780-415-8455 |
| Communications<br>Director  | Andy Weiler        | 780-427-7164<br>Fax: 780-427-1171 |
| Human Resources<br>Executive Director   | Rick Brick         | 780-427-1060<br>Fax: 780-422-1700 |